

TITLE 50 DEPARTMENT OF LOCAL GOVERNMENT FINANCE

NOTE: Under IC 6-1.1-31-1, the name of the State Board of Tax Commissioners is changed to Department of Local Government Finance, effective January 1, 2002.

ARTICLE 1. GENERAL PROVISIONS

Rule 1. Miscellaneous Property Tax, Budget and Bonding Requirements

50 IAC 1-1-1 Personal property schedules; refusal to give information

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-9; IC 6-1.1-3-15; IC 6-1.1-5-13

Sec. 1. All Taxpayers (Individuals, Firms, Corporations, Partnerships). All taxpayers (individuals, firms, corporations, (both domestic and foreign), partnerships, and unincorporated companies) shall be and are required, in addition to giving a full statement of all their personal property, to answer all interrogatories set out in the personal property schedules on proper forms prescribed by the State Board of Tax Commissioners, and furnished by the county assessor.

Any failure on the part of a taxpayer to give the information requested or show a sufficient reason why the same cannot be given, shall be considered a refusal to give information to the assessing officer, and the assessing officer is authorized to set down and assess to such taxpayer such amount of personal property as he may deem just. *(Department of Local Government Finance; Reg 1-1; filed Jan 8, 1946, 2:50 pm: Rules and Regs. 1947, p. 1880)*

50 IAC 1-1-2 Weekly reports of township assessors

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-18; IC 6-1.1-3-5; IC 6-1.1-4

Sec. 2. Township Assessors' Weekly Reports. Township assessors and their deputies shall make weekly report to the county assessor on Form 14, showing for each taxing unit separately, the number of assessments made each day, and make report in detail as required by such form. Failure to make such report shall be sufficient cause for the filing of a complaint by the county assessor against such delinquent officers. *(Department of Local Government Finance; Reg 1-2; filed Jan 8, 1946, 2:50 pm: Rules and Regs. 1947, p. 1880)*

50 IAC 1-1-3 Report of county assessors to state board

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3; IC 6-1.1-4; IC 6-1.1-14

Sec. 3. County Assessors' Report to State Board. County assessors shall make report on Form No. 15 to the State Board of Tax Commissioners for each taxing unit separately in detail as required by such form on the following dates:

- Second Monday in March
- Fourth Monday in March
- Second Monday in April
- Fourth Monday in April
- On or before the 20th day in May

Failure on the part of such county assessor to file such report shall be sufficient reason for the citing of such county assessor to appear before the State Board of Tax Commissioners to show cause why he should not be removed from office. *(Department of Local Government Finance; Reg 1-3; filed Jan 8, 1946, 2:50 pm: Rules and Regs. 1947, p. 1881)*

50 IAC 1-1-4 Appeals from county boards of review (Repealed)

Sec. 4. *(Repealed by Department of Local Government Finance; filed Jan 13, 1988, 2:07 pm: 11 IR 1730)*

50 IAC 1-1-5 Review or reassessment by state board of tax commissioners (Repealed)

Sec. 5. (Repealed by Department of Local Government Finance; filed Jan 13, 1988, 2:07 pm: 11 IR 1730)

50 IAC 1-1-6 Municipal budget forms; filing

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-17

Sec. 6. Budget for Tax Levy—Notice. The proper legal officers of any municipal corporation shall file two (2) complete sets of budget forms (as prescribed by the State Board of Accounts) with the county auditor, of which the county auditor shall file with the State Board of Tax Commissioners one (1) complete set, together with a complete transcript of said county Tax Adjustment Board, within seven days after adjournment to the Tax Adjustment Board. (*Department of Local Government Finance; Reg 1-8; filed Jan 8, 1946, 2:50 pm: Rules and Regs. 1947, p. 1884*)

50 IAC 1-1-7 Municipality's appeal from county board of tax adjustments

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-17-13; IC 6-1.1-17-15

Sec. 7. Petition for Appeal to State Board of Tax Levies. Any municipal corporation by its lawful and authorized officials may file an appeal with the State Board of Tax Commissioners from the action of the County Board of Tax Adjustments.

Ten (10) or more taxpayers in any municipal corporation other than those who pay poll tax only, who are affected by any local tax levy and who may feel aggrieved by such levy or any item thereof may file a petition with the County Auditor of the county in which such municipal corporation is located, setting forth the reason for said appeal or that any item in such levy will raise more money than the public needs require. Such petition shall be referred by the County Auditor to the State Board of Tax Commissioners for its action thereon as prescribed by law.

All such appeals shall be filed with the State Board of Tax Commissioners not later than the 15th day of October of the year in which the levy is made. (64-314 and 64-1331, Burns Revised Statute, 1933). (*Department of Local Government Finance; Reg 1-9; filed Jan 8, 1946, 2:50 pm: Rules and Regs. 1947, p. 1884*)

50 IAC 1-1-8 Municipal bond issue in excess of \$5,000

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-20

Sec. 8. Proceedings for Issuance of Bonds in Excess of \$5,000.00. Whenever the proper legal officer of any municipal corporation contemplates the issuing of bonds or other evidences of indebtedness, in excess of \$5,000.00, they shall indicate the same by ordinance or resolution determining to issue such bonds and notice of such determination shall be given by the proper officials as provided.

Such notice shall be sufficient if Form 33 as prescribed by the State Board of Tax Commissioners is used. Ten or more taxpayers may appeal to the State Board of Tax Commissioners for a hearing thereon as provided by law. The State Board of Tax Commissioners will fix the date for a hearing concerning petition for Bond Issue and remonstrance in the county where such taxing unit is located.

A complete transcript of the proceedings concerning the proposed loan by Bond Issue, notes, or other obligations evidencing indebtedness, except temporary loan, shall consist of the following items. (64-1332, Burns).

(A) Copy of the petition containing names of fifty or more owners of taxable real estate praying for the issuance of bonds (Acts 1937, Ch. 119, Sec. 7).

(B) Certificate of person or persons carrying the petition. (Acts 1937, Ch. 119, Sec. 7).

(C) Certificate of the County Auditor that the signers are owners of taxable real estate. (Acts 1937, Ch. 119, Sec. 7).

(D) Also a petition of 25% of the free holders when bonding a civil township for construction of a school building. (See Burns 1933, 28-3419).

(E) Certificate of Auditor as to valuation. (State Board Requirement).

(F) Certificate of bonded indebtedness. (State Board Requirement).

(G) Certificate of Auditor that no remonstrance was filed prior to the expiration date, being thirty days from the date of the

first publication of the Notice to Taxpayers that a Petition was Filed. (Acts 1937, Ch. 119, Sec. 7).

(H) Proofs of publication that a petition was filed. (Acts 1937, Ch. 119, Sec. 7). (Affidavit of publisher required).

(I) Proofs of publication of determination to issue bonds. (If in excess of \$5,000.00, Burns 64-1332) (Affidavit of publisher required).

(J) Proofs of publication of additional appropriation. (Ch. 150, Acts 1935) (Affidavit of publisher required).

(K) Certified copy of the appropriation ordinance passed by the legislative body of any taxing unit.

(Department of Local Government Finance; Reg 1-10; filed Jan 8, 1946, 2:50 pm: Rules and Regs. 1947, p. 1885)

50 IAC 1-1-9 Reassessment of real property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-4-7; IC 6-1.1-4-8

Sec. 9. Reassessment of Real Estate. Under its power to order reassessment of real estate in any taxing unit or units of any individual owning real estate, application for such reassessment must be filed in duplicate on or before March 31, of any calendar year, general election year or otherwise, with the county assessor of the county wherein such real estate is located and presented to the State Board of Tax Commissioners before March 31. Said application to be signed and verified by the owner or owners of any real estate and for improvements on Form No. 152, "Petition for Reassessment," prescribed by the State Board of Tax Commissioners and shall contain:

- (1) The legal description of the property and street address.
- (2) The name of the taxing unit wherein it is located.
- (3) The last assessed value.
- (4) The true cash value of same on March 1st of the current year.
- (5) Petitioner's estimate of actual value.
- (6) All other information required as set out on Form 152.

On receiving such application duly verified, notice shall be given a hearing held in the county where such real estate is located after which the Board may order a reassessment of the real estate to be made by the proper local assessing officer. Such officer shall assess the real estate and notify the owner of the amount of the assessment made. Such taxpayer, if he is not satisfied, may appear before the County Board of Review at its regular session in June and make such objection as he may deem necessary. (64-1019 Burns). *(Department of Local Government Finance; Reg 1-11; filed Jan 8, 1946, 2:50 pm: Rules and Regs. 1947, p. 1886)*

Rule 2. Directives on Personal Property (Repealed)

(Repealed by Department of Local Government Finance; filed Dec 7, 1988, 9:35 a.m.: 12 IR 907, eff Mar 1, 1989)

Rule 3. Directives on Real Property

50 IAC 1-3-1 Assessment of oil and gas wells, equipment, and royalty interests

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-15; IC 6-1.1-4-12.4; IC 6-1.1-4-12.5

Sec. 1. ASSESSMENT OF OIL AND GAS WELLS AS REAL PROPERTY IN ACCORDANCE WITH IC 6-1.1-1-15, 6-1.1-4-12.4 AND 6-1.1-4-12.5. In order to provide for a uniform method of assessment of oil and gas wells, the State Board of Tax Commissioners has prescribed the following procedures.

The number of barrels of oil in storage shall be valued at the posted price of oil as of the assessment date. The posted price of oil as of the assessment date will be computed by this Board, taking into consideration the tier pricing policy in effect at that time, and issued as an addendum to STB Directive 78-2 [50 IAC 1-2 was repealed filed Dec 7, 1988, 9:35 a.m.: 12 IR 907, eff Mar 1, 1989.]. The price for crude oil will be stated in terms of price per barrel while the price for natural gas will be stated in terms of price per 1,000 cubic feet (MCF) in said Directive.

Oil on hand at a lease site shall be assessed like any other inventory (to be reported on Form 103 [Form 103, renumbered 50 IAC 4-10-3-50 IAC 4-10-10 by the revisor, was repealed, filed Jan 23, 1980, 2:33 pm: 3 IR 1311]) and shall be computed by multiplying the number of barrels in storage by the price of oil per barrel by .21667. (This results in the same assessed value that

would be realized by multiplying the number of barrels by the price of oil, less 35% times 1/3).

The interests in oil or gas shall be valued at the average daily production times the posted price established by this Board for oil or gas times 365. This value must be divided by 3 to determine the assessed value. For those leases being produced by a secondary recovery method, the "interest in oil assessment" is to be reduced by 1/2, as is indicated on the schedule.

To further assure uniformity, equipment incidental to and necessary for the production of oil and gas has been defined as an appurtenance to land and is to be assessed to the working interest. The assessed value per producing oil well and assessed valuation per producing gas well will be determined by this Board and issued as an addendum to STB Directive 78-2 [50 IAC 1-2 was repealed filed Dec 7, 1988, 9:35 a.m.: 12 IR 907, eff Mar 1, 1989.] along with the prices to be utilized for the valuation of petroleum products. Equipment not constituting an appurtenance shall be returned by the taxpayer as personal property on Forms 103 and 104 [Forms 103 and 104, renumbered 50 IAC 4-10-3-50 IAC 4-10-10 and 50 IAC 4-10-11 by the revisor were repealed, filed Jan 23, 1980, 2:33 pm: 3 IR 1311], i.e. office equipment, trucks, boats, etc.

Royalty and overriding royalty interests which bear no part of the expense of a lease have been recognized to have a higher value than the working interests, therefore, to arrive at a total assessed value for these interests a factor of 1.50 is used. This is also indicated on the schedule.

All information shall be filed on schedules previously prescribed as G&O Form #1 by the State Board of Tax Commissioners or on a similar form conforming thereto. A separate schedule is to be filed for each lease with the township assessor on or before May 15th each year.

Each schedule shall show the name and address of the operator, the name, township and legal description of the lease, and the name, address and proportionate interest of each taxpayer. (*Department of Local Government Finance; Real Property Directive 78-101; filed Jan 30, 1978, 4:09 pm: Rules and Regs. 1979, p. 426*)

50 IAC 1-3-2 Exemption of public airports

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10-15

Sec. 2. EXEMPTION OF PUBLIC AIRPORTS. IC 6-1.1-10-15 provides for an exemption from property taxes of land which is reasonably necessary to and used for public airport purposes, regardless of whether owned by a municipality, private individual, corporation or partnership, so long as the owner holds a valid and current public airport certificate issued by the Aeronautics Commission of Indiana.

Land used for public airport purposes is limited to those portions of the airport complex, including improvements, namely: runways and taxiways, but does not include land areas used for crop production or other portions of the airport complex from which income is derived.

Where the property is owned by a governmental unit, it will all be considered exempt and there will be no need to file for such exemption. Where the property is owned by an individual or entity other than a governmental unit, it will be necessary for the taxpayer to annually file a 136 petition, Application for Property Tax Exemption, with the local County Auditor.

After conferring with the Aeronautics Commission, the following rules are offered for your guidance in determining the extent of the exempt property.

(1) Income producing property will be considered as non-exempt. Examples include hangar space and tie-down areas which may be rented, and land used for growing crops.

(2) Runways are exempt and we should adopt the Aeronautics Commission guides and consider the runway to have a 250 foot minimum width.

(3) Taxiways are also exempt, but are generally non-existent in small airports. Where they are found, the area should be clearly defined.

(*Department of Local Government Finance; Real Property Directive 78-102; filed Jan 30, 1978, 4:09 pm: Rules and Regs. 1979, p. 427*)

50 IAC 1-3-3 Assessment of improvements on leased land

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-15

Sec. 3. ASSESSMENT OF IMPROVEMENTS ON LEASED GROUND. The following is quoted from IC 6-1.1-1-15 which defines real property:

“Real property” means:

- (1) land located within this state;
- (2) a building or fixture situated on land located within this state;
- (3) an appurtenance to land located within this state; and
- (4) an estate in land located within this state, or an estate, right, or privilege in mines located on or minerals, including but not limited to oil or gas, located in the land, if the estate, right, or privilege is distinct from the ownership of the surface of the land.

The above section has been construed to mean that all improvements on leased ground shall be assessed as real estate.

To carry out the provisions of this section all improvements on leased ground shall be assessed in the current real estate reassessment program in the same manner as any other real estate. This will include the preparation of a permanent assessment record, the computation of the assessment using Indiana Real Estate Property Appraisal Manual, the mailing of a notice of the assessment, and all other provisions of existing laws and rules and regulations governing the assessment of real estate. The only exception will be that no land or lot values will be included and the assessments and records should clearly show that they represent “Improvements on Leased Ground.”

The value of any such improvements should be listed with other real estate in the Assessor's Book and the Tax Duplicate prepared by the county auditor, but, as stated, should be clearly identified as “Improvements on Leased Ground” so there is no conflict with the real estate and improvements thereon assessed in the name of the owner of the fee simple title. This wording may be entered in the column provided for description of real estate. The value of such improvements shall be entered in the appropriate column provided for that purpose in such records. (*Department of Local Government Finance; Real Property Directive 78-103; filed Jan 30, 1978, 4:09 pm: Rules and Regs. 1979, p. 427*)

50 IAC 1-3-4 Agricultural yield and influence factors

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 4. ASSESSMENT OF AGRICULTURAL LANDS. In order to provide for more uniform and equitable assessment of agricultural lands, the Board has considered additional information in the matter and determined as follows:

(1) Per Regulation No. 17 (Indiana Real Property Appraisal Manual), influence factors are applicable to the extended values of land types in all counties (see Procedure #6, Page LV-04,) both those using Detailed Soil Survey Maps and those using General Soil Maps.

(2) Yield factors are to be increased for the following soil associations in counties using General Soil Maps:

- #100 to .57
- #101 to .52
- #105 to .57
- #106 to .52

(3) All other yield factors, except the four referred to above, which are less than .47 for any soil I.D. shall be increased to .47 (applicable to all counties, both those using Detailed Soil Survey Maps and those using General Soil Maps.)

(*Department of Local Government Finance; Real Property Directive 78-104; filed Jan 30, 1978, 4:09 pm: Rules and Regs. 1979, p. 428*)

50 IAC 1-3-5 Assessment of hog barns

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 5. ASSESSMENT OF HOG CONFINEMENT BUILDINGS. In order to provide for the uniform assessment of hog confinement buildings the Board has determined that the pricing schedule on page RF-35 of the Indiana Real Property Appraisal Manual, with additions or deductions for components, supports the guidelines herein for the valuation of such property.

Because a farrowing barn, used primarily for sow farrowing and pig nursery, is similar in construction to a type-2 flat barn

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and a finishing barn, used primarily for housing and feeding until market weight, is similar in construction to type-3 general purpose building, the following guidelines are provided for respective buildings:

AREA	FARROWING	FEEDING
400	\$7.40	\$
600	6.90	
800	6.50	
1,000	6.10	4.40
1,200	5.50	4.10
1,800	5.20	3.85
2,400	5.00	3.75
3,000	4.80	3.65
4,000	4.50	3.45
5,000	4.40	3.40
6,000	4.30	3.35
8,000	4.15	3.25
Included for plumbing	.10	.10
Included for lighting	.15	.10
Included for concrete floor	.65	.65
Included for insulation (See Page RF-35 for variable)		
Add for all slated floor and pits	2.30	2.30
Add for ¼ slatted floor and pits	1.10	1.10
Add for wood pens and ventilation	2.40	1.90
Add for steel pens and ventilation	4.55	3.60

Add for feeding bunks and systems from Page RF-35

Adjust for quality construction from grade D to grade B.

Adjust for depreciation with 20 year guideline life.

Pits, where applicable, should be valued from Schedule on GC-39.

(Department of Local Government Finance; Real Property Directive 78-105; filed Jan 30, 1978, 4:09 pm; Rules and Regs. 1979, p. 429)

50 IAC 1-3-6 Assessment schedule for horizontal pressure tanks

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 6. ASSESSMENT OF HORIZONTAL PRESSURE TANKS. In order to provide for the uniform assessment of horizontal steel pressure tanks, commonly used for the storage of liquid and gas fuels, the Board has determined the following pricing schedule for such real property, completely installed on saddle pads with normal fittings, but not including *[sic.]* the value of pipe, valves, pumps or foundations:

CAPACITY (Gallons)	SIZE (Feet)	COST
1,000	3½ × 16	\$ 1,200
2,000	5 × 15	2,200
3,000	5 × 22	3,200
4,000	5 × 29	4,100
5,000	5 × 36	4,900
7,500	6 × 37	6,900
10,000	6 × 50	8,900
12,500	6 × 61	10,400
15,000	7½ × 50	12,500
20,000	7½ × 65	16,200
Over 20,000	Varied	.80 per gallon

The depreciation on subject property should be determined from the thirty (30) year economic life schedule on page DP-02 *[50 IAC 2 was repealed filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187.]* of the Real Property Appraisal Manual. *(Department of Local Government Finance; Real Property Directive 78-106; filed Jan 30, 1978, 4:09*

pm: Rules and Regs. 1979, p. 429)

50 IAC 1-3-7 Reassessment after subdivision, rezoning, and improvements

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-15; IC 6-1.1-4-4; IC 6-1.1-4-12; IC 6-1.1-11-9; IC 6-1.1-31

Sec. 7. GENERAL REASSESSMENT OF SUBDIVIDED AND REZONED LANDS. "6-1.1-4-12. Subdivided land; rezoned land; improvements. If land assessed on an acreage basis is subdivided into lots, the land shall be reassessed on the basis of lots. If land is rezoned for, or put to, a different use, the land shall be reassessed on the basis of its new classification. If improvements are added to real property, the improvements shall be assessed. An assessment or reassessment made under this section is effective on the assessment date. However, if land assessed on an acreage basis is subdivided into lots, the lots may not be reassessed until the next assessment date following a transaction which results in a change in legal or equitable title to that lot."

With the exception made by IC 6-1.1-11-9 of real property owned, used and occupied by the governments of the United States, Indiana, its agencies and political subdivisions, the general reassessment required by IC 6-1.1-4-4 is to include all real property as defined in IC 6-1.1-1-15.

Therefore, the Land Valuation section of Regulation 17 [50 IAC 2 was repealed filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187.] (1976) should be followed in the general reassessment of subdivided and rezoned lands, but the present classification of the land should not change. (*Department of Local Government Finance; Real Property Directive 78-107; filed Jan 30, 1978, 4:09 pm: Rules and Regs. 1979, p. 430*)

50 IAC 1-3-8 Assessment of coal lands and coal rights

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 8. ASSESSMENT OF COAL LANDS. In order to provide uniformity to the assessment of lands with present or former coal deposits thereon and commonly owned by coal mining entities, the Board has determined as follows:

(1) Fee simple ownership of land shall be valued pursuant to guidelines provided in the real property appraisal manual. (p. LV-04 [50 IAC 2 was repealed filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187.]).

(2) Mineral ownership only within land shall be valued at \$60.00 per acre.

(3) Surface ownership only shall be valued as fee simple ownership of land.

(4) A minimum of one acre shall be valued as Industrial land at the principal location of active mine operations.

(5) Land which has been surface mined prior to identification of soil association number or series shall be assigned a yield factor of .47, subject to the adjustments provided in the manuals for influence factors.

(*Department of Local Government Finance; Real Property Directive 78-108; filed Jan 30, 1978, 4:09 pm: Rules and Regs. 1979, p. 430*)

ARTICLE 2. REAL PROPERTY APPRAISAL (REPEALED)

(*Repealed by Department of Local Government Finance; filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187*)

ARTICLE 2.1. REAL PROPERTY ASSESSMENT (REPEALED)

(*Repealed by Department of Local Government Finance; filed Sep 14, 1992, 12:00 p.m.: 16 IR 662, eff Mar 1, 1995; errata filed Dec 1, 1992, 5:00 p.m.: 16 IR 1178*)

ARTICLE 2.2. REAL ESTATE PROPERTY ASSESSMENT

Rule 1. Definitions

50 IAC 2.2-1-1 Real estate appraisal terms (Repealed)

Sec. 1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-2 “Actual age” defined (Repealed)

Sec. 2. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-3 “Ad valorem tax” defined (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-4 “Agricultural property” defined (Repealed)

Sec. 4. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-5 “Appraisal” defined (Repealed)

Sec. 5. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-6 “Appraisal schedule” defined (Repealed)

Sec. 6. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-7 “Appraiser” defined (Repealed)

Sec. 7. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-8 “Assessed value” or “assessed valuation” defined (Repealed)

Sec. 8. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-9 “Assessing” defined (Repealed)

Sec. 9. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-10 “Assessment” defined (Repealed)

Sec. 10. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-11 “Assessment date” defined (Repealed)

Sec. 11. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-12 “Assessment notice” or “Form 11” defined (Repealed)

Sec. 12. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-13 “Assessment period” defined (Repealed)

Sec. 13. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-14 “Assessment roll” defined (Repealed)

Sec. 14. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-15 “Assessor” defined (Repealed)

Sec. 15. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-16 “Base price” defined (Repealed)

Sec. 16. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-17 “Blighted area” defined (Repealed)

Sec. 17. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-18 “Board of review” defined (Repealed)

Sec. 18. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-19 “Cost approach” defined (Repealed)

Sec. 19. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-20 “Depreciation” defined (Repealed)

Sec. 20. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-21 “Depreciation allowance” defined (Repealed)

Sec. 21. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-22 “Design factor” defined (Repealed)

Sec. 22. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-23 “Deterioration” defined (Repealed)

Sec. 23. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-24 “Economic obsolescence” defined (Repealed)

Sec. 24. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-25 “Effective age” defined (Repealed)

Sec. 25. *(Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619)*

50 IAC 2.2-1-25.1 “Effective age” defined (Repealed)

Sec. 25.1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-26 “Effective assessment date” defined (Repealed)

Sec. 26. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-27 “Equalization” defined (Repealed)

Sec. 27. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-28 “Equity” defined (Repealed)

Sec. 28. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-29 “Functional obsolescence” defined (Repealed)

Sec. 29. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-30 “Grade” defined (Repealed)

Sec. 30. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-31 “Grade factor” defined (Repealed)

Sec. 31. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-32 “Gross area” defined (Repealed)

Sec. 32. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-33 “Industrial property” defined (Repealed)

Sec. 33. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-34 “Lister” defined (Repealed)

Sec. 34. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-35 “Mass appraisal” defined (Repealed)

Sec. 35. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-36 “Mineral rights” defined (Repealed)

Sec. 36. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-37 “Model method” defined (Repealed)

Sec. 37. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-38 “Modernization” defined (Repealed)

Sec. 38. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-39 “Neighborhood” defined (Repealed)

Sec. 39. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-40 “Obsolescence” defined (Repealed)

Sec. 40. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-41 “Overassessed” defined (Repealed)

Sec. 41. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-42 “Parcel” defined (Repealed)

Sec. 42. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-43 “Permanent parcel number” defined (Repealed)

Sec. 43. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-44 “Personal property” defined (Repealed)

Sec. 44. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-45 “Property class” defined (Repealed)

Sec. 45. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-46 “Property inspection” defined (Repealed)

Sec. 46. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-47 “Property record card” defined (Repealed)

Sec. 47. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-48 “Public utility property” defined (Repealed)

Sec. 48. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-49 “Real estate” defined (Repealed)

Sec. 49. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-50 “Real property” defined (Repealed)

Sec. 50. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-51 “Reassessment” defined (Repealed)

Sec. 51. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-52 “Replacement cost” defined (Repealed)

Sec. 52. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-53 “Residential property” defined (Repealed)

Sec. 53. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-53.5 “Riverboat” defined (Repealed)

Sec. 53.5. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-54 “Salvage value” defined (Repealed)

Sec. 54. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-55 “Soil productivity” defined (Repealed)

Sec. 55. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-56 “Sound value estimate” defined (Repealed)

Sec. 56. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-57 “Tax bill” defined (Repealed)

Sec. 57. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-58 “Tax district” defined (Repealed)

Sec. 58. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-59 “Tax levy” defined (Repealed)

Sec. 59. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-60 “Tax rate” defined (Repealed)

Sec. 60. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-61 “Underassessed” defined (Repealed)

Sec. 61. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-62 “Uniformity” defined (Repealed)

Sec. 62. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-1-63 “Unit cost or price” defined (Repealed)

Sec. 63. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

Rule 2. Procedures for Real Property Assessment (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)

Rule 3. Determination of Property as Real or Personal (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)

Rule 4. Residential, Commercial, Industrial Land, and Agricultural Homesites

50 IAC 2.2-4-1 Primary definitions (Repealed)

Sec. 1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-2 County land valuation commission (Repealed)

Sec. 2. *(Repealed by Department of Local Government Finance; filed May 29, 1998, 11:59 a.m.: 21 IR 3697)*

50 IAC 2.2-4-3 State board review of commission results (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed May 29, 1998, 11:59 a.m.: 21 IR 3697)*

50 IAC 2.2-4-4 Land value maps (Repealed)

Sec. 4. *(Repealed by Department of Local Government Finance; filed May 29, 1998, 11:59 a.m.: 21 IR 3697)*

50 IAC 2.2-4-5 Methods of evaluating sales information (Repealed)

Sec. 5. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-6 Unit values (Repealed)

Sec. 6. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-7 Platted lots; improved vacant lots (Repealed)

Sec. 7. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-8 Platted lots; depth (Repealed)

Sec. 8. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-9 Platted lots; effective frontage and depth (Repealed)

Sec. 9. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-10 Platted lots; property record card calculations (Repealed)

Sec. 10. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-11 Platted lots; front foot values (Repealed)

Sec. 11. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-12 Platted lots; influence factors (Repealed)

Sec. 12. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-13 Residential acreage and agricultural homesite (Repealed)

Sec. 13. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-14 Residential acreage and agricultural homesite; property record card (Repealed)

Sec. 14. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-15 Residential acreage and agricultural homesite; indicated base rates (Repealed)

Sec. 15. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-16 Residential acreage and agricultural homesite; influence factors (Repealed)

Sec. 16. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-17 Commercial and industrial acreage (Repealed)

Sec. 17. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-18 Reporting commission results to the state board of tax commissioners (Repealed)

Sec. 18. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-4-19 Standard depth tables and summary report forms (Repealed)

Sec. 19. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

Rule 5. Land; Agricultural Use (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)

Rule 6. General Residential and Agricultural (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)

Rule 7. Residential Dwelling Units

50 IAC 2.2-7-1 Property record card abbreviations (Repealed)

Sec. 1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-2 Measurements and calculations (Repealed)

Sec. 2. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-3 Story descriptions (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-4 Garages and carports (Repealed)

Sec. 4. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-5 Exterior features (Repealed)

Sec. 5. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-6 Grade (Repealed)

Sec. 6. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-7 Data collection (Repealed)

Sec. 7. *(Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619)*

50 IAC 2.2-7-7.1 Data collection (Repealed)

Sec. 7.1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-8 Pricing (Repealed)

Sec. 8. *(Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619; errata filed Sep 30, 1994, 1:55 p.m.: 18 IR 268)*

50 IAC 2.2-7-8.1 Pricing (Repealed)

Sec. 8.1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-9 Dwelling depreciation (Repealed)

Sec. 9. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-10 Graded residential photographs (Repealed)

Sec. 10. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-11 Residential dwelling cost schedules (Repealed)

Sec. 11. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-7-12 Residential dwelling depreciation table (Repealed)

Sec. 12. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

Rule 8. Mobile Homes and Manufactured Homes (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)

Rule 9. Residential Yard and Agricultural Improvements (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)

Rule 10. General Commercial and Industrial

50 IAC 2.2-10-1 Definitions (Repealed)

Sec. 1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-10-2 Concepts (Repealed)

Sec. 2. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-10-3 Grade (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-10-4 Front of the commercial and industrial property record card (Repealed)

Sec. 4. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-10-5 Data collection (Repealed)

Sec. 5. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-10-6 Pricing (Repealed)

Sec. 6. *(Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619)*

50 IAC 2.2-10-6.1 Pricing (Repealed)

Sec. 6.1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-10-7 Commercial and industrial building depreciation (Repealed)

Sec. 7. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-10-8 Industrial report (Repealed)

Sec. 8. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

Rule 11. General Commercial Models

50 IAC 2.2-11-1 General commercial mercantile “GCM” models (Repealed)

Sec. 1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-11-2 General commercial industrial “GCI” models (Repealed)

Sec. 2. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-11-3 General commercial residential “GCR” models (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-11-4 Graded photographs of various commercial and industrial buildings (Repealed)

Sec. 4. *(Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619)*

50 IAC 2.2-11-4.1 Graded photographs of various commercial and industrial buildings (Repealed)

Sec. 4.1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-11-5 Selection of schedules (Repealed)

Sec. 5. *(Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619)*

50 IAC 2.2-11-5.1 Selection of schedules (Repealed)

Sec. 5.1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-11-6 Commercial and industrial cost schedules (Repealed)

Sec. 6. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-11-7 Commercial and industrial depreciation tables (Repealed)

Sec. 7. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

Rule 12. Commercial and Industrial Yard Improvements

50 IAC 2.2-12-1 Concepts (Repealed)

Sec. 1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-12-2 Data collection (Repealed)

Sec. 2. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3016, eff Mar 1, 2002)*

50 IAC 2.2-12-3 Pricing (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-12-4 Commercial and industrial yard improvement depreciation (Repealed)

Sec. 4. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-12-5 Commercial and industrial yard improvement cost schedules (Repealed)

Sec. 5. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-12-6 Commercial and industrial yard improvement depreciation tables (Repealed)

Sec. 6. *(Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619)*

50 IAC 2.2-12-6.1 Commercial and industrial yard improvement depreciation tables (Repealed)

Sec. 6.1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-12-7 Riverboat cost schedules (Repealed)

Sec. 7. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-12-8 Riverboat depreciation tables (Repealed)

Sec. 8. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

Rule 13. Special Use Commercial Properties (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)

Rule 14. Utility Property (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)

Rule 15. Unit-in-Place (Repealed)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)

Rule 16. Miscellaneous Information

50 IAC 2.2-16-1 Assessing terms (Repealed)

Sec. 1. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-16-2 Architectural terms (Repealed)

Sec. 2. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-16-3 General real estate terms (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)*

50 IAC 2.2-16-4 Informational illustrations (Repealed)

Sec. 4. (Repealed by Department of Local Government Finance; filed Jun 24, 1994, 2:00 p.m.: 17 IR 2619)

50 IAC 2.2-16-4.1 Informational illustrations (Repealed)

Sec. 4.1. (Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)

50 IAC 2.2-16-5 Assessment of oil and gas interests (Repealed)

Sec. 5. (Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)

50 IAC 2.2-16-6 Assessment of rights-of-way to adjacent property holder (Repealed)

Sec. 6. (Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)

ARTICLE 2.3. REAL PROPERTY ASSESSMENT MANUAL

NOTE: Under P.L.192-2002(ss), SECTION 193, 50 IAC 2.3 (including the 2002 Real Property Assessment Manual and the Real Property Assessment Guidelines for 2002–Version A) and any other rule adopted by the state board of tax commissioners or the department of local government finance is void to the extent that it establishes a shelter allowance for real property used as a residence. It is the intent of the general assembly that the standard deduction under IC 6-1.1-12-37 is the method through which any relief that would have been granted through a shelter allowance shall be given to taxpayers. Effective January 1, 2003.

Rule 1. 2002 Real Property Assessment Manual

50 IAC 2.3-1-1 Applicability, provisions, and procedures

Authority: IC 4-22-2-21; IC 6-1.1-4-26; IC 6-1.1-31; IC 6-1.1-35-1

Affected: IC 5-3-1; IC 6-1.1-4; IC 6-1.1-15; IC 6-1.1-31-6

Sec. 1. (a) This article applies to the assessment of all real property under IC 6-1.1-4.

(b) All real property assessed after February 28, 2002, must be assessed in accordance with the 2002 Real Property Assessment Manual, incorporated by reference under section 2 of this rule.

(c) In addition to the requirements established in the 2002 Real Property Assessment Manual and to fully address the requirements of IC 6-1.1-31-6, the county assessor must select a set of more specific guidelines to be applied by assessing officials in connection with the assessment of real property in their county. These guidelines must:

(1) contain provisions for the determination of true tax value following the instructions in the section of the 2002 Real Property Assessment Manual entitled “Approval of Mass Appraisal Methods”; and

(2) be approved by the state board of tax commissioners.

The state board of tax commissioners has approved the provisions contained in the “Real Property Assessment Guidelines for 2002–Version ‘A’” dated May 10, 2001, as amended to and including October 1, 2002, incorporated by reference under section 2 of this rule. Other real property assessment guidelines proposed by a county must be submitted to, and approved by, the state board of tax commissioners before they may be used for the assessment of real property in that county.

(d) The purpose of this rule is to accurately determine “True Tax Value” as defined in the 2002 Real Property Assessment Manual, not to mandate that any specific assessment method be followed. The intent of the state board of tax commissioners is that any individual assessment is to be deemed accurate if it is a reasonable measure of “True Tax Value” as defined in the 2002 Real Property Assessment Manual. No technical failure to comply with the procedures of a specific assessing method violates this rule so long as the individual assessment is a reasonable measure of “True Tax Value”, and failure to comply with the Real Property Assessment Guidelines for 2002–Version ‘A’ or other guidelines approved under subsection (c) does not in itself show that the assessment is not a reasonable measure of “True Tax Value”.

(e) After July 1, 2001, and before November 1, 2001, the county assessor shall make the selection required under subsection (c). The method selected under subsection (c) must be used by all the assessing officials within the county, will serve as the appropriate method for calculating an assessment that is appealed under IC 6-1.1-15, and govern throughout the effective period

of the 2002 reassessment. No method, other than the method selected by the county assessor under subsection (c), may be used for the assessment of real property under IC 6-1.1-4 within the county. Before November 1, 2001, the county assessor shall publish the selected method in accordance with IC 5-3-1 and notify the state board of tax commissioners, in writing, of the selection.

(f) The county assessor may amend its selection of method of assessment or consider additional factors not provided for in this rule or the manual incorporated herein by reference, with the approval of the department of local government finance. The county assessor shall submit a written request for approval of the selection of method or other factors to the department of local government finance at least sixty (60) days before the assessments are made. (*Department of Local Government Finance; 50 IAC 2.3-1-1; filed May 23, 2001, 4:01 p.m.: 24 IR 3015; filed Aug 26, 2002, 10:36 a.m.: 26 IR 6; filed Feb 10, 2003, 3:50 p.m.: 26 IR 2314; filed Feb 10, 2003, 3:55 p.m.: 26 IR 2315*)

50 IAC 2.3-1-2 Incorporation by reference

Authority: IC 4-22-2-21; IC 6-1.1-4-26; IC 6-1.1-31; IC 6-1.1-35-1

Affected: IC 6-1.1

Sec. 2. (a) As used in this article, "2002 Real Property Assessment Manual" refers to the 2002 Real Property Assessment Manual, published by the state board of tax commissioners and dated May 10, 2001, as amended to and including October 1, 2002. The amendments adopted as of October 1, 2002, eliminate references to the shelter allowance as required by House Enrolled Act 1001(ss).

(b) As used in this article, "Real Property Assessment Guidelines for 2002-Version 'A'" refers to the Real Property Assessment Guidelines for 2002-Version 'A', published by the state board of tax commissioners and dated May 10, 2001, as amended to and including October 1, 2002. The amendments incorporate minor changes and corrections to the Real Property Assessment Guidelines for 2002-Version 'A', published by the state board of tax commissioners and originally dated May 10, 2001, and eliminate references to the shelter allowance as required by House Enrolled Act 1001(ss). The Real Property Assessment Guidelines for 2002-Version 'A' are Exhibit 1 to the 2002 Real Property Assessment Manual.

(c) The 2002 Real Property Assessment Manual and Real Property Assessment Guidelines for 2002-Version 'A' is incorporated by reference under the authority of IC 4-22-2-21(a)(3). (*Department of Local Government Finance; 50 IAC 2.3-1-2; filed May 23, 2001, 4:01 p.m.: 24 IR 3016; filed Feb 10, 2003, 3:50 p.m.: 26 IR 2314*)

ARTICLE 3. TAXATION OF MOBILE HOMES (REPEALED)

(*Repealed by Department of Local Government Finance; Reg 13-1978; filed Nov 8, 1979, 10:45 am: 2 IR 1722*)

ARTICLE 3.1. TAXATION OF MOBILE HOMES

Rule 1. General Provisions (Repealed)

(*Repealed by Department of Local Government Finance; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328*)

Rule 2. Assessment Guide

50 IAC 3.1-2-1 Criteria for assessment (Repealed)

Sec. 1. (*Repealed by Department of Local Government Finance; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328*)

50 IAC 3.1-2-2 Specifications of quality grade S (Repealed)

Sec. 2. (*Repealed by Department of Local Government Finance; filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187*)

50 IAC 3.1-2-3 Base price schedule (Repealed)

Sec. 3. (*Repealed by Department of Local Government Finance; filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb*

19, 1990, 3:55 p.m.: 13 IR 1187)

50 IAC 3.1-2-4 Grades of specific mobile homes (Repealed)

Sec. 4. (Repealed by Department of Local Government Finance; filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187)

50 IAC 3.1-2-5 Assessment instructions (Repealed)

Sec. 5. (Repealed by Department of Local Government Finance; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328)

50 IAC 3.1-2-6 Mobile homes assessment work sheet directions; data collection (Repealed)

Sec. 6. (Repealed by Department of Local Government Finance; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328)

50 IAC 3.1-2-7 Mobile homes assessment work sheet directions; assessment computation and supplemental improvements (Repealed)

Sec. 7. (Repealed by Department of Local Government Finance; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328)

50 IAC 3.1-2-8 Mobile home assessment work sheet directions; schedule for calculating true tax value (Repealed)

Sec. 8. (Repealed by Department of Local Government Finance; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328)

50 IAC 3.1-2-9 Mobile home assessment work sheet (Repealed)

Sec. 9. (Repealed by Department of Local Government Finance; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328)

ARTICLE 3.2. ASSESSMENT OF MOBILE HOMES

Rule 1. Purpose

50 IAC 3.2-1-1 Purpose

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 1. The purpose of this article is to provide the method for the assessment of annually assessed mobile homes and annually assessed manufactured homes. For purposes of this article, the term "mobile home" shall include a manufactured home. (Department of Local Government Finance; 50 IAC 3.2-1-1; filed Sep 23, 2002, 10:04 a.m.: 26 IR 326)

Rule 2. Definitions

50 IAC 3.2-2-1 Definitions

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 1. The definitions in this rule apply throughout this article. (Department of Local Government Finance; 50 IAC 3.2-2-1; filed Sep 23, 2002, 10:04 a.m.: 26 IR 326)

50 IAC 3.2-2-2 “Annually assessed mobile home” defined

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 2. An “annually assessed mobile home” is a mobile or manufactured home that is not located on:
(1) a permanent foundation; or
(2) land owned by the mobile home owner.

(Department of Local Government Finance; 50 IAC 3.2-2-2; filed Sep 23, 2002, 10:04 a.m.: 26 IR 326)

50 IAC 3.2-2-3 “Permanent foundation” defined

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 3. A “permanent foundation” is a structural system capable of transposing loads from a structure to the earth at a depth below the established frost line. A permanent foundation consists of a closed perimeter formation made from materials such as concrete, mortared concrete block, or mortared brick extending into the ground below the frost line. It may include cellars, basements, or crawl spaces, but it does not include a pier foundation. *(Department of Local Government Finance; 50 IAC 3.2-2-3; filed Sep 23, 2002, 10:04 a.m.: 26 IR 326)*

50 IAC 3.2-2-4 “Pier foundation” defined

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 4. A “pier foundation” is a noncontinuous series of posts or columns laid in a grid pattern that transmits the load of the superstructure to the ground. Piers may or may not be on footings, and may be constructed of steel, wood, concrete, concrete block, or stone. A pier foundation is not to be considered a permanent foundation. *(Department of Local Government Finance; 50 IAC 3.2-2-4; filed Sep 23, 2002, 10:04 a.m.: 26 IR 326)*

50 IAC 3.2-2-5 “Real property mobile home” defined

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 5. A “real property mobile home” is a mobile or manufactured home that meets one (1) of the following requirements:
(1) Located on land owned by the home owner; or
(2) Located on a permanent foundation.

(Department of Local Government Finance; 50 IAC 3.2-2-5; filed Sep 23, 2002, 10:04 a.m.: 26 IR 326)

50 IAC 3.2-2-6 “Real Property Assessment Manual for 2002” defined

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
Affected: IC 6-1.1-7

Sec. 6. The “Real Property Assessment Manual for 2002” is the 2002 Real Property Assessment Manual, published by the state board of tax commissioners 50 IAC 2.3-1-1(c), which is hereby incorporated by reference and does not include any later amendments or editions. Copies of the manual are available for a fee of ten dollars (\$10) from the Department of Local Government Finance at 100 North Senate, Suite 1058, Indianapolis, Indiana or you may access the manual at no cost on the department’s Web site at <http://www.in.gov/dlgf/pubs/>. *(Department of Local Government Finance; 50 IAC 3.2-2-6; filed Sep 23, 2002, 10:04 a.m.: 26 IR 326; errata filed Sep 27, 2002, 10:23 a.m.: 26 IR 382)*

50 IAC 3.2-2-7 “Real Property Assessment Guidelines for 2002–Version A” defined

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1

Affected: IC 6-1.1-7

Sec. 7. The “Real Property Assessment Guidelines for 2002–Version ‘A’” (also referred to in this rule as “the Guidelines”), are the Real Property Assessment Guidelines for 2002–Version ‘A’, published by the state board of tax commissioners and dated January 1, 2002, which are hereby incorporated by reference. The term does not include any later amendments or editions. Copies of these guidelines are available for a fee of ten dollars (\$10) from the Department of Local Government Finance at 100 North Senate, Suite 1058, Indianapolis, Indiana or you may access them at no cost on the department’s Web site at <http://www.in.gov/dlgf/pubs/>. (*Department of Local Government Finance; 50 IAC 3.2-2-7; filed Sep 23, 2002, 10:04 a.m.: 26 IR 327*)

Rule 3. Method

50 IAC 3.2-3-1 Method

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1

Affected: IC 6-1.1-7

Sec. 1. (a) The township assessor of the township within which the mobile home is located shall assess the mobile home for taxation under this article.

(b) A mobile home shall be assessed as real property under 50 IAC 2.3 if the mobile home:

(1) is located on land owned by the owner of the mobile home; or

(2) is located on a permanent foundation even if the land under the mobile home is owned by someone other than the owner of the mobile home.

(c) A mobile home shall be assessed annually in accordance with the personal property rule in effect on January 15 if the mobile home is held for sale in the ordinary course of a trade or business.

(d) The township assessor shall assess mobile homes that do not meet the requirements of subsection (b) or (c), and all exterior features, yard structures, and improvements owned by the mobile home owner and located on the same parcel as the mobile home in accordance with 50 IAC 3.2-2. (*Department of Local Government Finance; 50 IAC 3.2-3-1; filed Sep 23, 2002, 10:04 a.m.: 26 IR 327*)

50 IAC 3.2-3-2 Assessment dates

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1

Affected: IC 6-1.1-2-1; IC 6-1.1-7-7; IC 6-1.1-22-9

Sec. 2. (a) A mobile home that meets the requirements of section 1(d) of this rule shall be assessed on January 15 and taxed at the current year’s tax rate. The owner of a mobile home that meets the requirements of section 1(d) of this rule shall pay the tax in accordance with IC 6-1.1-7-7.

(b) A mobile home assessed as real property under section 1(b) of this rule shall be assessed on March 1 and taxed at the following year’s rate.

(c) A mobile home assessed as personal property under section 1(c) of this rule shall be assessed on March 1 and taxed at the following year’s rate.

(d) A mobile home properly assessed under subsection (a) that becomes real property on or before March 1 of the same year shall be assessed and taxed as real property under subsection (b). Upon the taxpayer furnishing proper documentation to the auditor of two (2) consecutive assessments of the same property as real property, the auditor shall remove the January 15 assessment from the tax rolls. (*Department of Local Government Finance; 50 IAC 3.2-3-2; filed Sep 23, 2002, 10:04 a.m.: 26 IR 327*)

Rule 4. Valuation Guide

50 IAC 3.2-4-1 Criteria for valuation

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
 Affected: IC 6-1.1-7-2

Sec. 1. (a) Township assessors shall use the standard of true tax value as set forth in the Real Property Assessment Manual for 2002 in the assessment of annually assessed mobile homes.

(b) All annually assessed mobile homes assessed after January 14, 2003, shall be assessed in accordance with the methodology that the county assessor has elected, in accordance with 50 IAC 2.3-1-1, for the assessment of real property mobile homes in the county in which the mobile home is assessed.

(c) If the county assessor has selected to assess real property mobile homes under the Real Property Assessment Guidelines for 2002–Version ‘A’, then the township assessor shall value annually assessed mobile homes in accordance with the guidelines for the assessment of real property mobile homes contained in the Real Property Assessment Guidelines for 2002–Version ‘A’.

(d) If the county assessor has selected to assess real property mobile homes under an assessment method other than that described in subsection (c) and the county assessor has obtained the approval of the department of local government finance in accordance with 50 IAC 2.3-1-1(f) for this assessment method, then each township assessor in the county shall use the alternative approved method for the assessment of annually assessed mobile homes.

(e) The procedure for submission and approval of the alternative method shall be in accordance with the 2002 Real Property Assessment Manual, Approval of Mass Appraisal Methods. (*Department of Local Government Finance; 50 IAC 3.2-4-1; filed Sep 23, 2002, 10:04 a.m.: 26 IR 327*)

50 IAC 3.2-4-2 Depreciation

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1
 Affected: IC 6-1.1-7

Sec. 2. (a) The depreciation tables in the Real Property Assessment Guidelines for 2002–Version ‘A’ are calculated for the 2002 reassessment date. Township assessors using the Real Property Assessment Guidelines for 2002–Version ‘A’ shall use the depreciation tables in the Guidelines for the January 15, 2003, assessment date for annually assessed mobile homes.

(b) The following depreciation tables shall be used in 2004 and thereafter to calculate the depreciation percentage for all annually assessed mobile or manufactured homes:

(1) Pre-HUD code models–depreciation percentages (for units built prior to June 15, 1976):

Age	Custom	Good	Economy
26 years and over	75	80	85

(2) These depreciation percentages shall be used for mobile homes in average condition relative to other comparable mobile homes. If the subject mobile home is in any condition other than average, adjust the applicable depreciation percentage as follows:

(A) If the home is in excellent or good condition, use ten percent (10%) less depreciation for excellent and five percent (5%) less depreciation for good.

(B) If the home is in fair condition, add an additional five percent (5%) depreciation; if in poor condition, add an additional ten percent (10%) depreciation to the classification, and if in very poor condition, add an additional fifteen percent (15%) depreciation, to a maximum of ninety-five percent (95%) to any mobile home.

(C) Post-HUD code models–depreciation percentages (for units built after June 15, 1976):

ACTUAL AGE	Condition Rating					
	EX	G	A	F	P	VP
01	05	05	05	10	15	20
02	05	05	10	15	20	25
03–04	05	10	15	20	25	30
05–06	10	15	20	25	30	35
07–08	10	20	25	30	35	40
09–10	15	25	30	35	40	45

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

11-12	20	30	35	40	45	50
13-14	25	35	40	45	50	55
15-16	30	40	45	50	55	60
17-18	35	45	50	55	60	65
19-20	40	50	55	60	65	70
21-22	45	55	60	65	70	75
23-24	50	60	65	70	75	80
25-27	55	65	70	75	80	80
28 +	60	70	75	80	80	80

(Department of Local Government Finance; 50 IAC 3.2-4-2; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328)

50 IAC 3.2-4-3 Data collecting on mobile home properties

Authority: IC 6-1.1-7-2; IC 6-1.1-31-1

Affected: IC 6-1.1-1-3

Sec. 3. (a) The department of local government finance shall prepare a worksheet and instructions for the use of assessing officials in collecting data pertaining to the assessment of mobile homes.

(b) Assessing officials shall use the mobile home assessment work sheet or comparable computer software in the collection and processing of data pertaining to the assessment of mobile home properties. *(Department of Local Government Finance; 50 IAC 3.2-4-3; filed Sep 23, 2002, 10:04 a.m.: 26 IR 328)*

ARTICLE 4. ASSESSMENT OF TANGIBLE PERSONAL PROPERTY (REPEALED)

(Repealed by Department of Local Government Finance; filed Jan 23, 1980, 2:33 pm: 3 IR 1311; errata, 7 IR 389)

ARTICLE 4.1. ASSESSMENT OF TANGIBLE PERSONAL PROPERTY (REPEALED)

(Repealed by Department of Local Government Finance; filed Dec 7, 1988, 9:35 a.m.: 12 IR 907, eff Mar 1, 1989)

ARTICLE 4.2. ASSESSMENT OF TANGIBLE PERSONAL PROPERTY

NOTE: Reinstated by IC 6-1.1-3-22, effective July 1, 2003.

Rule 1. Administration; Procedure

50 IAC 4.2-1-1 Primary definitions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1; IC 6-1.1-31-1

Sec. 1. The definitions in this section apply throughout this article.

(a) "50 IAC 4.2" means Title 50 of the Indiana Administrative Code which is a compilation of all rules promulgated by the state board of tax commissioners as prepared by the Indiana Legislative Council. Article 4.2 pertains to the rules for the assessment of tangible personal property.

(b) "Authority", which appears before each section of the rule, refers to the title, article, chapter, and section of the Indiana Code delegating the authority to the state board of tax commissioners to promulgate rules concerning the assessment of tangible personal property.

(c) "Affected", which appears before each section of this article, means the specific title, article, chapter, and section of the Indiana Code that the state board of tax commissioners relied upon in writing that particular section of the article.

(d) "Assessment date" means the assessment date in the state of Indiana is March 1.

(e) "Filing date" means every person owning, holding, possessing, or controlling tangible personal property with a tax situs within the state of Indiana as of March 1 of any year is required to file a personal property tax return by May 15 of that year unless an extension of time to file is obtained.

(f) "True tax value" means the rules promulgated by the state board shall be the basis for determining true tax value (Regulation 13, assessment of mobile homes (50 IAC 3.1); Regulation 16, assessment of tangible personal property (this article); Regulation 17, assessment of real estate (50 IAC 2.1 [50 IAC 2.1 was repealed filed Sep 14, 1992, 12:00 p.m.: 16 IR 662, eff Mar 1, 1995; errata filed Dec 1, 1992, 5:00 p.m.: 16 IR 1178. See 50 IAC 2.2.]); Regulation 19, assessment of public utility property (50 IAC 5 [50 IAC 5 was repealed filed Dec 15, 1993, 5:00 p.m.: 17 IR 969. See 50 IAC 5.1])). True tax value does not mean fair market value. "True tax value" as used in this article means the resultant value of property determined in accordance with the rules issued by the state board, exclusive of those portions of the rule related to determining assessed value.

(g) "Assessed value" or "valuation" means an amount equal to thirty-three and one-third percent (33 1/3%) of the true tax value of property as defined in subsection (f).

(h) "Personal property" means:

- (1) nursery stock that has been severed from the ground;
- (2) florists' stocks of growing crops which are ready for sale as pot plants on benches;
- (3) billboards and other advertising devices which are located on real property that is not owned by the owner of the devices;
- (4) motor vehicles (other than motor vehicles subject to the motor vehicles excise tax as provided by law or taxable under the Public Utility Tax Act), mobile homes (to the extent taxable under the Mobile Home Tax Act and the rules issued thereunder), airplanes (other than airplanes subject to the aircraft excise tax), boats (other than those subject to the commercial vessel tonnage tax), and trailers;
- (5) foundations (other than foundations which support a building or structure) on which machinery or equipment is installed; and
- (6) all other tangible property (other than real property) which is being:
 - (A) held for sale in the ordinary course of a trade or business;
 - (B) held, used, or consumed in connection with the production of income; or
 - (C) held as an investment.

Personal property does not include commercially planted and growing crops while they are in the ground, property subject to taxation under the Public Utility Tax Act, or household goods.

(i) "Depreciable personal property" means all tangible personal property as defined in subsection (h), that is used in a trade or business, used for the production of income, or held as an investment that should be or is subject to depreciation for federal income tax purposes, except to the extent that property is treated otherwise in this article. In general, except as otherwise provided in this article, personal property will be deemed to become depreciable property when a depreciation deduction is allowable for federal income tax purposes.

(j) "Construction in process" means tangible personal property "not placed in service". It includes tangible personal property which has not been depreciated and is not yet eligible for federal income tax depreciation under Section 167 of the Internal Revenue Code of 1986. It does not include inventory, special tools, leased property, or returnable containers.

(k) "Special tools" includes, but is not limited to, tools, dies, jigs, fixtures, gauges, molds, and patterns acquired or made for the production of products or product models which are of such specialized nature that their utility generally ceases with the modification or discontinuance of such products or product models. Those items of "special tools" being manufactured or built for sale or lease to another person must be valued as inventory pursuant to 50 IAC 4.2-5.

(l) "Personal property and real estate guide" means a listing of questionable items of machinery, equipment, or structures as to their assessability as real estate or personal property for Indiana assessment purposes. Generally, if the item is directly used for manufacture or a process of manufacture it is to be considered as personal property. If the item is land or a building improvement it is to be considered as real estate.

(m)(1) "Inventory" means the aggregate of those elements of cost incurred to acquire or produce items of tangible personal property as defined in subsection (h), which are:

- (A) held for sale in the ordinary course of business;
 - (B) are currently in the process of production for subsequent sale;
 - (C) are ultimately to be consumed in the production of the goods or services to be available for sale; or
 - (D) are utilized in marketing or distribution activities.
- (2) The term "inventory" embraces the following:
- (A) Goods awaiting sale. Goods or commodities awaiting sale which include, but are not limited to:
 - (i) the merchandise of a retail or wholesale concern;

- (ii) the finished goods of a manufacturer;
- (iii) commodities from farms, mines, and quarries; and
- (iv) goods which are used or trade-in merchandise and by-products of a manufacturer.

(B) Work in process. Goods or commodities which are in the course of production at the Indiana location, i.e., items needing further processing to be considered finished or ready for shipment.

(C) Raw materials and supplies. Goods which will be consumed or used in either the Indiana manufacturing process or in any other manner by the taxpayer, directly or indirectly. This category would include, but not be limited to, raw materials, supplies, repair parts, expendable tools, and samples.

(n) "Taxing district" means an area within a township having tax levies and rates different from the tax levies and rates in other areas within the same township.

(o) "Tax rate" means a tax rate that is levied at a rate of tax per one hundred dollars (\$100) of assessed valuation by each taxing district.

(p) "Tax payment date" means property taxes that are based on the amount of the March 1 assessment for a given year and are due in two (2) equal installments on May 10 and November 10 of the following year. If any due date falls on a Saturday, a Sunday, a national legal holiday recognized by the federal government, or a statewide holiday, the act that must be performed by that date is timely if performed by the next succeeding day that is not a Saturday, a Sunday, or a holiday. (*Department of Local Government Finance; 50 IAC 4.2-1-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 818, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-1-2 Powers and duties of state board of tax commissioners

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 2. The state board of tax commissioners (hereafter state board) is responsible under Indiana law for promulgating rules, appraisal manuals, bulletins, directives, returns, and forms to govern the assessment of personal property subject to the ad valorem (tax on value) property tax. Duly appointed personnel of the state board have the responsibility for holding hearings and recommending changes in the assessment of the taxpayer's property. The state board may reconsider the evidence submitted at the original hearing or consider additional information submitted subsequent to the original hearing. The state board has the administrative authority to determine the final assessment of personal property. (*Department of Local Government Finance; 50 IAC 4.2-1-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 819, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-1-3 All property taxable

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1; IC 6-1.1-31-1; Article 10, Section 1 of the Indiana Constitution

Sec. 3. (a) Generally, all property shall be taxed as either personal property, real estate, public utility, commercial vessel, mobile home, motor vehicle excise, aircraft excise, intangible or subject to bank tax act unless specifically exempted by law.

(b) Types of personal property which are assessed and the form prescribed in 50 IAC 2-9 [*50 IAC 2 was repealed filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187.*], to capture the assessment of that property:

Property	Taxpayer	Form No.
Vehicles: trailers,)	
RV's, snowmobiles, etc.) Individual	101
Boats and boat equipment)	
Farm implements and)	
equipment)	
Livestock and poultry) Farmer	102
Grain)	
Inventories) Commercial	
Depreciable assets) and Industrial	103
Inventories)	

Depreciable assets) Public utility 1

(Department of Local Government Finance; 50 IAC 4.2-1-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 820, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-1-4 Amendments to rules

Authority: IC 6-1.1-31-1

Affected: IC 4-22-2

Sec. 4. This article may be amended in whole or in part at the discretion of the state board. The procedure for the amendment is specified in IC 4-22-2 and IC 6-1.1-32-8 [*IC 6-1.1-32 was repealed by P.L.41-1993, SECTION 53, effective July 1, 1993.*], which provides as follows:

(1) Notice. A notice shall be published in a newspaper of general circulation printed and published in Marion County, Indiana, and after July 1, 1978, in the Indiana Register at least twenty-one (21) days prior to the date set for a hearing which states the time and place of said hearing and will indicate the subject matter of the rule(s) or amendment(s). In addition to the notice as prescribed above, copies of such proposal(s) shall be forwarded to the members of the advisory council, all duly elected members of the Indiana General Assembly, and to all county and township assessors not serving as members on the advisory council, together with any supporting data or statistical matter, at least twenty-one (21) calendar days prior to the public hearing required by law to be held on the same. Members of the advisory council shall, before or at the public hearing, make their views known in writing to the state board, with respect to such proposals. All commentary, opinions, judgments, and similar statements made by members of the advisory council shall be public records, and shall be maintained as such by the state board.

(2) Availability of copies of proposed amendment. Five (5) copies of the proposed amendment shall be on file in the office of the state board in Indianapolis and two (2) copies shall be delivered to the legislative council, after the notice pursuant to subdivision (1) is given, for any interested party to review.

(3) Hearing. A hearing will be held on the date indicated in the notice to provide any interested party or attorney for any interested party an opportunity to present facts, arguments, views, or written data relevant to the proposed amendments.

(4) Approval. Six (6) copies of the rule(s) or amendment(s) will be submitted to the attorney general for approval as to legality, and when so approved, to the governor for approval.

(5) Effective. The original and one (1) copy of the approved amendments must be filed with the secretary of state and one (1) duplicate approved copy must be filed with legislative council. The rule or amendment shall be effective thirty (30) days from the date and time filed with the secretary of state.

(Department of Local Government Finance; 50 IAC 4.2-1-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 820, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-1-5 Instructional bulletins

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 5. (a) Issuance. The state board may issue instructional bulletins. The instructional bulletins, designated I-89-1, I-89-2, etc., will be utilized to instruct taxing officials of their duties and provide administrative forms to be used by taxpayers, local and county officials as required by the various rules of the state board. These instructional bulletins will be effective for the year designated and will remain in effect for subsequent tax years unless specifically rescinded or revised by subsequent directives or instructional bulletins.

(b) Availability. Copies of instructional bulletins issued pursuant to this article may be obtained for a fee of twenty-five cents (\$0.25) per page plus mailing costs by contacting:

State Board of Tax Commissioners

Division of Tax Review

201 State Office Building

Indianapolis, IN 46204

(Department of Local Government Finance; 50 IAC 4.2-1-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 820, eff Mar 1, 1989; reinstated

by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-1-6 Administrative adjudications by state board; effect

Authority: IC 6-1.1-31-1

Affected: IC 4-21.5; IC 6-1.1-31-1

Sec. 6. (a) The state board may, at its discretion, issue an “administrative adjudication determination” on the ad valorem tax consequences of a taxpayer's proposed transaction or unusual circumstances prior to the filing date of May 15 for the assessment year in question. If the taxpayer has received an extension for filing from the assessor, the date shown in the assessor's letter of extension will be the date used in this section. This “administrative adjudication determination” will be effective only for the tax year designated in the determination.

(b) Request. The taxpayer should make a written request not later than March 31 of the assessment year in question stating all the facts and circumstances which affect the transaction on which a determination is requested.

(c) Administrative adjudication determination. The “administrative adjudication determination” as issued by the state board will be in writing and executed by a quorum of the members of the state board.

(d) Reliance. The taxpayer may rely upon the “administrative adjudication determination” for the tax year designated. The “administrative adjudication determination” as granted is conditioned upon the following:

(1) Facts. That the facts and circumstances as submitted by the taxpayer are representative of the facts and circumstances that actually exist.

(2) Disclosure to the state board. That all of the facts and circumstances related to the transaction have been disclosed to the state board.

(Department of Local Government Finance; 50 IAC 4.2-1-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 821, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-1-7 Practice before state board

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-1

Sec. 7. (a) Any individual may practice before the state board. If an individual is other than the taxpayer or a bona fide employee of the taxpayer, an executed power of attorney will be required to be on file with the state board before any representative of the state board may communicate with an individual other than the taxpayer.

(b) Practice. Practice before the state board includes hearings conducted by all representatives of the state board.

(c) Filing. When a power of attorney is received by an authorized representative of the state board, it will be deemed to be on file with the state board.

(d) Form. The state board will provide a power of attorney form to accommodate the implementation of this requirement. This form should be completed as indicated and provided to the hearing officer at the initial conference. Any legally drawn and executed power of attorney may be substituted in place of this form. *(State Board of Tax Commissioners; 50 IAC 4.2-1-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 821, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

Rule 2. Filing Requirements

50 IAC 4.2-2-1 Place of filing; assessment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 1. (a) A personal property tax return must be filed in each taxing district where property has a tax situs subject to the qualifications contained in this article. A return may cover all business locations in a single taxing district. However, if the property is located in two (2) or more taxing districts within the same township, a separate return must be filed reporting the property in each of the taxing districts.

(b) Resident. Personal property which is owned by a person who is a resident of this state shall be assessed at the place where

the owner is a "resident" except where personal property has a tax situs on the assessment date at another location in the state and the property is regularly used or permanently located, in which instance the assessment shall be made in such location.

(c) Nonresident. Personal property which is owned by a person who is a nonresident of this state shall be assessed at the place where the owner's principal office within this state is located, except where personal property has a tax situs on the assessment date at another location within the state where it is regularly used or permanently located. In such an instance the return(s) should be filed in the taxing district where the property is permanently located or regularly used. When the owner does not have a principal office in the state, the property will be assessed where located on the assessment date.

(d) Fiduciary. To the extent that "residence" determines the place of assessment of personal property held by a fiduciary in their fiduciary capacity, the residence of the fiduciary shall govern, except that in the assessment of personal property of an estate of a deceased person, the "actual residence" in this state of the deceased person immediately before death shall be applicable until such property has been distributed.

(e) Questions regarding proper place of assessment. If a controversy arises concerning the appropriate taxing district for assessing personal property the determination made as follows shall be summary and final:

- (1) the county assessor shall determine the correct taxing district for assessment purposes if a question arises as to the appropriate taxing district within the county; and
- (2) the state board shall determine the proper county for assessment if the question arises as to which county within the state is the proper tax situs.

(Department of Local Government Finance; 50 IAC 4.2-2-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 821, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-2-2 Who must file

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-2-4; IC 6-1.1-3-7

Sec. 2. Every person, including any firm, company, partnership, association, corporation, fiduciary, or individual owning, holding, possessing, or controlling personal property with a tax situs within the state on March 1 of any year is required to file a personal property tax return on or before May 15 of that year unless an extension of time to file a return is obtained pursuant to section 3 of this rule. The obligation to file a return is not diminished or affected by the failure of an assessor to deliver or mail forms to a taxpayer. It is the responsibility of the taxpayer to obtain forms from the assessor and file a timely return in compliance with this article. *(Department of Local Government Finance; 50 IAC 4.2-2-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-2-3 Extension of time to file returns

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7

Sec. 3. (a) Thirty (30) day extension. A thirty (30) day extension (to June 14) may be granted provided an extension is requested in writing prior to May 15 of the current year. The application must clearly state the reason for the request.

(b) Filing of request. The request must be made to the assessor with whom the return should be filed. The assessor may, at their discretion approve or disapprove the request in writing. The approved request or a copy must be attached to each taxpayer's return required to be filed. *(Department of Local Government Finance; 50 IAC 4.2-2-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-2-4 Liability

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-3-7

Sec. 4. (a) Owner. The owner of any tangible property on the assessment date of a year is liable for the taxes imposed for that year on the property. The owner of any personal property is generally the holder of legal title except:

- (1) when title passes on March 1 of any year, only the person last obtaining title on said date shall be deemed to have title on

March 1; and

(2) when personal property is security for a debt and the debtor is in possession of such property, such debtor shall be deemed to be the owner.

(b) Possessory interests. A person holding, possessing, or controlling any tangible property on the assessment date of a year is liable for the taxes imposed for that year on the property unless they establish that the property is being assessed and taxed in the name of owner, or the owner is liable for the taxes under a contract with that person and that person files a correct Form 103-N (section 9 of this rule) supplemental information return on or before the due date (May 15 with extension). When a person other than the owner pays any property taxes as required by this section, that person may recover the amount paid from the owner unless the parties have agreed to other terms in a contract.

(c) Assessment. The assessor will assess the taxable property in the name of the owner of the property to the extent the owner has been identified. A person holding, possessing, controlling, or occupying any tangible property on the assessment date of the year is liable for the taxes imposed for that year on the property unless they establish that the property is being assessed and taxed in the name of the owner or the owner is liable for the taxes under contract with that person and that person files a correct Form 103-N (section 9 of this rule) supplemental information return on or before the due date (May 15 with extension). (*Department of Local Government Finance; 50 IAC 4.2-2-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 822, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-2-5 Full disclosure

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7

Sec. 5. (a) The taxpayer shall, in completing the returns, make a full and complete disclosure of such information as may be required by the state board, relating to the value, nature, and location of all the personal property of which they were the owner or which they held, possessed, or controlled, in any capacity whatsoever, on the assessment date of the current year.

(b) The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on their personal property tax return on Form 102 or Form 103 (section 9 of this rule), in the taxing district where the property had a tax situs as of the assessment date. In addition to the above reporting requirement, the owner of property, under circumstances in which possession is transferred to another person, but ownership is retained, shall be required to furnish in the taxing district where the property is located a complete listing on Form 103-O (section 9 of this rule), of such property showing the name and address of person(s) in possession, model, description, location, quantities, date of installation, and value per this article reported for assessment and taxation in order to provide a means of verification and cross reference by the assessing official(s) that all property is being properly reported for assessment and taxation. (See special instructions in 50 IAC 4.2-8 for reporting leased personal property.)

(c) The person holding, possessing, or controlling any tangible property in any capacity, which property is subject to taxation under this article, is required to file and attach with the return a complete listing on Form 103-N (section 9 of this rule), of all not owned property. The listing is to be filed in the taxing district where the property is located and must include the name and address of the owner, model, description, location, quantities on hand, date of installation, value (if known) per this article and any other information requested on the appropriate form. (See special instructions in 50 IAC 4.2-8 for reporting leased personal property.)

(d) A Form 103-N (section 9 of this rule), is required to be filed by the possessor even if the owner is liable for the taxes under a contract to assure that the assessing official has the necessary information to correctly assess the property in question. (*Department of Local Government Finance; 50 IAC 4.2-2-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 823, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-2-6 Additional filing requirements

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7

Sec. 6. Every taxpayer who is required by statute or this article to file in more than one (1) taxing district in the state must file a summary form, Form 105 (section 9 of this rule), directly with the state board on or before July 15 of each year. This form must indicate the taxing districts where returns are required to be filed and the assessed values reported to the local assessor. This require-

ment is in addition to all other requirements imposed by law and this article relating to the filing of personal property tax forms and returns. (*Department of Local Government Finance; 50 IAC 4.2-2-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 823, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-2-7 Returns filed in duplicate

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7

Sec. 7. (a) When the combined total assessed value of the personal property declared on all returns filed in the state by a taxpayer is fifteen thousand dollars (\$15,000) or more, each return must be filed in duplicate. The returns being filed must indicate that the total assessed value as reported on all returns filed in the state is fifteen thousand dollars (\$15,000) or more. A legible reproduced copy will be acceptable for this requirement.

(b) Returns forwarded to county assessor. Whether or not a taxpayer has filed the return in duplicate, each assessor must forward to the county assessor on or before July 31 of each year a copy of each personal property tax return where the total assessed valuation declared on all returns filed in the state is fifteen thousand dollars (\$15,000) or more.

(c) Returns forwarded to the state board by county assessor. The county assessor shall forward to the state board on or before August 31 of each year a copy of all returns forwarded to them by the township assessors as provided in subsection (b).

(d) Notification to the state board - revisions of assessment as reported by the taxpayer. If an assessment, as reported by the taxpayer on a return required to be filed in duplicate, is revised by any assessing official(s), a copy of the notice informing the taxpayer that a change has been made in the assessment must be forwarded to the state board within fifteen (15) days after the said notice is mailed to the taxpayer by the official(s) making the change.

(e) Notification to the state board - assessments made by assessing official. If a taxpayer fails to file a personal property tax return, and an assessing official determines the assessment to be fifteen thousand dollars (\$15,000) or more, a copy of the notice informing the taxpayer of the assessment action must be forwarded to the state board within fifteen (15) days after the said notice is mailed to the taxpayer by the official(s) making the assessment. (*Department of Local Government Finance; 50 IAC 4.2-2-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 823, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-2-8 Short form returns

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7

Sec. 8. When the assessed value of personal property required to be reported in a township is less than fifteen thousand dollars (\$15,000), the taxpayer may elect to file Form 103-Short Form (section 9 of this rule) if:

- (1) the business is not a manufacturer or processor;
- (2) no elections are made to utilize the "average" or "alternative" inventory reporting methods;
- (3) no exemptions or deductions (other than the enterprise zone credit) are claimed which affect the business personal property assessment; and
- (4) no special valuation adjustments such as equipment not placed in service, special tooling, permanently retired equipment, interstate carrier mileage allocation, or abnormal obsolescence are claimed in determining the value of the business personal property.

(*Department of Local Government Finance; 50 IAC 4.2-2-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 824, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-2-9 Authorized forms

Authority: IC 6-1.1-31-1

Affected: IC 4-10-13-5; IC 6-1.1-31-1; IC 6-1.1-37-3

Sec. 9. (a) The state board is required by statute to adopt tax return forms and schedules for personal property assessment purposes.

(b) Authorized forms. Tax return forms. The following are the authorized return forms provided for personal property

assessment purposes pursuant to this article:

No.	Form Description
101	Individual Tangible Personal Property Return
102	Confidential Farmers Tangible Personal Property Return
103	Short Form Confidential Business Tangible Personal Property Return
103	Long Form Confidential Business Tangible Personal Property Return
103-I	Confidential Return of Interstate Fleet of Commercial Carriers
103-N	Return of Not Owned Personal Property
103-O	Return of Owned Personal Property Not in Possession of Owner
103-P	Confidential Claim for Exemption of Air or Water Pollution Control Facilities
103-R	Confidential Total Construction in Process or Depreciable Property Reconciliation Schedule (Not To Be Filed With Return)
103-T	Confidential Return of Special Tools
103-W	Confidential Return of Personal Property in Warehouses, Grain Elevators, or Other Storage Places claimed to be Exempt from Assessment
104	Business Tangible Personal Property Return
105	Business Tangible Personal Property Summary of Returns
106	Confidential Schedule of Adjustments to Business Tangible Personal Property

(c) Substituted tax return forms. In lieu of using the actual return form prescribed in subsection (b), a taxpayer may use a computer or machine prepared substitute tax return form or schedule provided that the substitute:

- (1) contains all of the information as set forth in the prescribed form;
- (2) properly identifies the form or schedule being substituted; and
- (3) is approved by the state board pursuant to 50 IAC 4.2-1-6 prior to being used.

(d) Administrative forms. The following are certain authorized administrative forms provided for personal property assessment purposes pursuant to this article:

No.	Form Description
111/PP	Notice of Review of Current Year's Assessment for Personal Property by Township Assessor or County Board of Review
112/PP	Notice of Proposed Assessment or Change in Assessment by Assessing Official or Board
113/PP	Notice of Assessment or Change in Assessment by Assessing Official
114/PP	Notice of Hearing on Petition by County Board of Review
115/PP	Notice of Assessment of Personal Property by County Board of Review
116	Notice of Hearing and Review of Assessment
117	Notice of Hearing on Petition
118	Notice of Final Assessment Determination
130/PP	Petition to the County Board of Review for Review of Assessment
131/PP	Petition to the State Board of Tax Commissioners for Review of Assessment
133	Petition for Correction of Error
322	Application for Deduction from Assessed Valuation - New Manufacturing Equipment in Economic Revitalization Area
ERA/PP	
MOD-1	Maritime Opportunity District Personal Property Tax Credit
RRS-1	Claim for Deduction from Assessed Valuation Applicable to Resource Recovery Systems
EZ1	Enterprise Zone Business Personal Property Tax Credit
IR-1	Industrial Recovery Site Inventory Tax Credit
17-T	Petition for Refund of Taxes

(e) Return. Every person required to file a personal property tax return pursuant to section 2 of this rule must report all personal property as defined in 50 IAC 4.2-1-1(h), on the form currently authorized as provided herein. The return form as provided in subsections (a) through (b), does not constitute a return unless it is signed under the penalties of perjury by a person authorized to file such return. (*Department of Local Government Finance; 50 IAC 4.2-2-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 824, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-2-10 Penalties

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 10. (a) Perjury. Willful failure to file a true and correct return. Any person who willfully makes and subscribes any return, statement, or other document which is verified under oath, which is certified as to the truth of the information occurring thereon, or which contains a written declaration that is made under the penalties of perjury and which they do not believe to be true and correct in every material respect shall be guilty of a crime and shall be subject to the same penalties as provided by law for perjury.

(b) Incomplete return penalty. If a person subject to IC 6-1.1-3-7(c), fails to include on a personal property return the information, if any, that the state board requires under IC 6-1.1-3-9 or IC 6-1.1-5-13, the county auditor shall add a penalty to the property tax installment next due for the return. The amount of the penalty is twenty-five dollars (\$25). The purpose of this penalty is to require a full disclosure of the information related to the value, nature, or location of personal property on the personal property tax return for that year which is necessary for an assessing official to review the return. If this information is not provided, a thorough review of the return as required by law cannot take place.

(c) Penalty for failure to file a timely return. Failure to file a return or be granted an extension of time to file a return by May 15 as required by law will result in the imposition of a twenty-five dollars (\$25) penalty. In addition, if the return is not filed within thirty (30) days after such return is due, a penalty equal to twenty percent (20%) of the tax determined to be due will be imposed with respect to the personal property which should have been reported on the return. No return shall be considered due within the meaning of this article until the expiration of a period of any extension of time which may have been granted pursuant to section 3 of this rule. (See example of application of late filing penalties.)

(d) Undervaluation penalty. If the total assessed value that a person reports on a personal property return is less than the total assessed value that the person is required by law to report and if the amount of the undervaluation exceeds five percent (5%) of the value that should have been reported on the return, then the county auditor shall add a penalty of twenty percent (20%) of the additional taxes finally determined to be due as a result of the undervaluation.

The purpose of the twenty percent (20%) penalty is to ensure a complete disclosure of all information required by the state board on the prescribed self-assessment personal property form(s). This enables the township assessor, county board of review, and state board to carry out their statutory duties of examining returns each year to determine if they substantially comply with the rules of the state board. This examination cannot take place if all required information is not shown on the self-assessment return form.

It is not the purpose of this provision to impose a penalty on a person who has made a complete disclosure of information required on the assessment return form. Therefore, if the person filing the self-assessment personal property return shows that they are claiming an exemption or taking an adjustment for abnormal obsolescence or permanently retired equipment on the return form and has complied with all of the requirements for claiming that exemption or adjustment, no penalty should be added to the extent of the amounts accounted for on the return form. In considering whether or not a taxpayer has made a full and complete disclosure of information, the complete return package must be considered. A complete return package consists of the return form itself (Form 102 or 103) (section 9 of this rule), and all necessary supplemental forms and supporting schedules which must be filed with the return.

If a person has complied with all of the requirements for claiming an exemption or adjustment for abnormal obsolescence or permanently retired equipment, then the increase in assessed value that results from a denial of the exemption or change in the amount of adjustment is considered to be an interpretive difference not subject to the twenty percent (20%) penalty for undervaluation for purposes of this subsection. However, all other amounts not fully disclosed through omission or undervaluation which represent property subject to the reporting requirements of this article and the laws of this state are subject to the twenty percent (20%) penalty.

(1) Exemptions. An exemption is defined as a situation where a certain type of property, or the property of a certain kind of taxpayer, is not taxable (IC 6-1.1-1-6).

There are three (3) basic types of exemptions which are permitted to be claimed on the annual business personal property return that are available to a taxpayer. These exemptions include:

- (A) air pollution control equipment;
- (B) industrial waste control equipment; and
- (C) inventory exemptions, including:
 - (i) interstate commerce;
 - (ii) government-owned; and
 - (iii) driver's education automobiles.

It should be noted that when the reporting requirements have been met, but for some reason the exemption is not allowed, the amount disallowed is an interpretive difference and is not subject to the omitted or undervalued personal property tax penalty. However, when items that would otherwise qualify for an exemption are omitted from the return, the property is taxable, because the exemption was waived, and the omitted and undervalued personal property tax penalty must be applied.

(2) Allowable adjustments. Allowable adjustments can be defined as an adjustment that affects the value of personal property when the adjustment is truly elective. The taxpayer must elect the adjustment when the return is filed. If the taxpayer fails to properly elect the adjustment when the return is filed, the taxpayer is not entitled to the adjustment. The adjustment is not mandatory.

The allowable adjustments are:

- (A) average inventory adjustment; and
- (B) alternative method of valuing inventory.

(3) Mandatory adjustments. Mandatory adjustments reflect the value of personal property required to be reported in conformity with the provisions of this article. Therefore, regardless of whether the taxpayer shows the adjustment in their tax return, the assessing official must make the adjustment in order to arrive at the proper value for assessment purposes per the provisions of this article. Permanently retired equipment and abnormal obsolescence are adjustments which should be recognized to the extent that the property qualifies and the taxpayer is able to substantiate the facts, circumstances, and amount of the claim in order to properly determine the true tax value of the subject property.

(A) The mandatory adjustments for depreciable assets include:

- (i) adjust to federal tax basis;
- (ii) add fully depreciated property still in use but written off;
- (iii) add cost of installation and foundation applicable to depreciable personal property;
- (iv) equipment not placed in service;
- (v) valuation of special tooling;
- (vi) permanently retired equipment;
- (vii) valuation of commercial aircraft and interstate motor truck carriers;
- (viii) abnormal obsolescence;
- (ix) true tax value limited to thirty percent (30%) of adjusted cost;
- (x) true tax value percentage factors applicable to each year's acquisitions;
- (xi) placement by year of acquisition in the proper pool based upon life utilized for computing cost recovery (depreciation) for federal tax purposes; and
- (xii) assessment ratio of thirty-three and one-third percent (33⅓%) of true tax value.

(B) The mandatory adjustments for inventory include:

- (i) adjust book inventory to March 1;
- (ii) add unrecorded inventory;
- (iii) adjust to "first-in-first-out" (FIFO);
- (iv) add manufacturing overhead not included in inventory;
- (v) add allocable costs of wholesalers or retailers not included in inventory;
- (vi) add freight-in not included in inventory;
- (vii) add royalties, editorial, license, or copyright fees not included in inventory;
- (viii) add taxes not included in inventory;
- (ix) deduct inventory recorded but not received;
- (x) deduct purchase or trade discounts;

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- (xi) adjustment from standard to actual cost;
- (xii) abnormal obsolescence;
- (xiii) thirty-five percent (35%) valuation adjustment if the alternative method is not elected; and
- (xiv) assessment ratio of thirty-three and one-third percent (33 $\frac{1}{3}$ %) of true tax value.

With the exception of the valuation of permanently retired equipment and abnormal obsolescence, mandatory adjustments for depreciable assets and inventory are not interpretive differences. They are adjustments which must be applied to any omitted or undervalued property when discovered. Any resulting differences in assessment between the amount reported by the taxpayer and the amount of assessment determined by the assessing official after making all mandatory adjustments is subject to the twenty percent (20%) penalty, while interpretive differences and math errors on the face of the return are not subject to the penalty.

The penalty shall be added to the property tax installment next due for the return on which the property was undervalued.

(e) Late payment penalty. (1) A taxpayer shall begin paying a "late payment penalty" on the day after the date for payment described above if they have not paid the amount of taxes resulting from the action or determination and they either:

- (A) received notice of the taxes they are required to pay as a result of the action or determination at least thirty (30) days before the date for payment; or
- (B) voluntarily signed and filed an assessment return for the taxes.

(2) If subdivision (1) does not apply, a taxpayer who has not paid the amount of taxes resulting from the action or determination shall begin paying the "late payment penalty" on:

- (A) the next May 10 which follows the date for payment described above; or
- (B) the next November 10 which follows the date for payment described above;

whichever occurs first.

(f) A penalty is due with an installment under subsection (b), (c), or (d) whether or not an appeal is filed under IC 6-1.1-15-5 with respect to the tax due on that installment.

(g) Example of application of late filing penalties.

Assessment added June 28, 19X1 (Assume no extension granted, no return filed)	<u>\$10,000</u>	
Tax (\$10,000 × \$10.00 tax rate)		\$1,000
Less property tax replacement credit		<u>200</u>
Net amount of tax		\$800
Penalties		
Return not filed on or before due date (flat penalty)	\$25	
No return filed within thirty (30) days of due date (twenty percent (20%) of tax)	<u>160</u>	
Total penalties		<u>185</u>
Total due		<u>\$ 985</u>
Amount due May 10, 19X2: one-half (½) of net taxes due	\$400	
penalties	<u>185</u>	
Total		<u>\$ 585</u>
Amount due November 10, 19X2: one-half (½) of net taxes due		<u>\$ 400</u>

This type of penalty shall be added to the property tax installment next due. The penalty may not be divided into two (2) installments.

(h) Example of application of undervaluation penalty.

Correct assessed value of all personal property, March 1, 19X1	\$51,560	
Assessed value of personal property per return filed April 17, 19X1	<u>41,560</u>	
Increase in assessed value of personal property	<u>\$10,000</u>	
Amount of additional tax due (\$10,000 × \$8.00 tax rate)		\$800

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

Less property tax replacement credit		160	
Net amount of additional tax due		<u>\$ 640</u>	
Increase in assessed value of personal property	\$10,000		
Less assessed value of interpretive difference, exempt inventory claimed on the return by the taxpayer not allowed: (\$23,080 cost × sixty-five percent (65%) = \$15,002 TTV) (\$15,002 TTV / 3 = assessed value)		<u>5,000</u>	
Assessed value subject to omitted or undervalued penalty (exceeds five percent (5%) of correct value)		<u>\$ 5,000</u>	
Amount of additional tax due relative to assessed value subject to penalty (\$5,000 × \$8.00 tax rate)		\$400	
Less property tax replacement credit		<u>80</u>	
Net amount of additional tax due relative to assessed value subject to penalty		<u>\$ 320</u>	
Twenty percent (20%) penalty on taxes finally determined with respect to omitted or un- dervalued property (\$320 × twenty percent (20%))		<u>\$ 64</u>	
Amount due May 10, 19X2: one-half (½) of net additional tax due	\$160		
twenty percent (20%) penalty (above)	<u>64</u>		
Total		<u>\$ 224</u>	
Amount due November 10, 19X2: one-half (½) of net additional tax due		<u>\$ 160</u>	

This type of penalty shall be added to the property tax installment next due. The penalty may not be divided into two (2) installments. (*Department of Local Government Finance; 50 IAC 4.2-2-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 825, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-2-11 Interest

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-22-9; IC 6-1.1-37; IC 33-26-6-2

Sec. 11. (a) The taxes and interest resulting from an action or determination described below apply when:

(1) an assessment is made or increased after the date on which the taxes were originally due for the year for which the assessment is made; or

(2) the assessment upon which the taxpayer has been paying taxes is less than the assessment that results from the final determination of the petition for review or of the appeal to court, or the collection of property taxes has been enjoined under IC 33-3-5-11 [*IC 33-3 was repealed by P.L.98-2004, SECTION 164, effective July 1, 2004. See IC 33-26-6-2.*]

(b) A taxpayer shall pay taxes and interest with respect to an action or determination described above on or before:

(1) the next May 10; or

(2) the next November 10;

whichever occurs first.

(c) The interest on the taxes the taxpayer is required to pay as the result of that action or determination is at the rate of ten percent (10%) per annum from the original due date to:

(1) the date of payment; or

(2) the date on which penalties for late payment of a tax installment may be charged;

whichever occurs first. (*Department of Local Government Finance; 50 IAC 4.2-2-11; filed Dec 7, 1988, 9:35 a.m.: 12 IR 828, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

Rule 3. Review and Appeal Procedures

50 IAC 4.2-3-1 Township assessor review

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 1. (a) Assessment of personal property return filed. The township assessor shall examine and verify the accuracy of each personal property return filed with them by a taxpayer. In examining the return, the township assessor may examine:

- (1) the personal property of the person;
- (2) the books and records of the person; and/or
- (3) under oath, the person or any other person whom the assessor believes has knowledge of the amount, identity, or value of the personal property reported or not reported by the person on a return.

After such examination, the assessor shall assess the personal property to the person owning, holding, possessing, or controlling that property. If the assessor determines the assessment should be changed, the taxpayer, as defined in 50 IAC 4.2-2-2, must be notified, by mail, of the new assessment and the reasons in writing, supporting the determination by the assessor. At the time that notice is given to the taxpayer, they shall also be informed in writing of their opportunity for review and the procedures they must follow in order to obtain review before the county board of review.

If the board of review has adjourned or if its term has expired, the township assessor shall notify the taxpayer of the proposed assessment or change of assessment on Form 112 (50 IAC 4.2-2-9).

If the board of review is still in session, the township assessor shall notify the taxpayer of the assessment on Form 113 (50 IAC 4.2-2-9).

(b) Return not on file or omitted property. The assessor is required by law to make an assessment of personal property if they have sufficient information to indicate there is omitted property. If a person owning, holding, possessing, or controlling any personal property fails to file a personal property return or list with the township assessor, the township assessor may examine:

- (1) the personal property of the person;
- (2) the books and records of the person; and/or
- (3) under oath, the person or any other person whom the assessor believes has knowledge of the amount, identity, or value of the personal property not reported by the person on a return.

As an alternative to such an examination, the township assessor may estimate the value of the personal property of the taxpayer and shall assess the person owning, holding, possessing, or controlling the property in an amount based upon the estimate. Upon receiving a notification of estimated value from the township assessor, the taxpayer may elect to file a personal property return within thirty (30) days from the date of the written notice of assessment by the assessor subject to the penalties imposed under 50 IAC 4.2-2-10. At the time that notice is given to the taxpayer, they shall also be informed in writing of their opportunity for review and the procedures they must follow in order to obtain review before the county board of review.

Retail merchants certificate. The Indiana department of state revenue will submit to the township assessor before July 15 of each year:

- (1) the name of each retail merchant that has newly obtained a registered retail merchant's certificate between March 2 of the preceding year and March 1 of the current year for a place of business located in the township; and
- (2) the address of each place of business of the taxpayer in the township.

(c) Limitation of time for assessor action. A township or county assessing official must make a change in the assessed value and give the notice of the change on or before the latter of:

- (1) September 15 of the year for which the assessment is made; or
- (2) four (4) months from the date the personal property return is filed if the return is filed after May 15th of the year for which the assessment is made provided the return has been filed in substantial compliance with this article. Where the taxpayer has failed to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, the assessor has no limitation of time within which to act.

If the taxpayer fails to file a personal property return which substantially complies with the provisions of IC 6-1.1 and the rules of the state board, the assessment may be increased if notice is given within three (3) years after the date the return is filed. (*Department of Local Government Finance; 50 IAC 4.2-3-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 828, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-3-2 Direct review of assessment by county board of review

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 2. (a) The county board of review may, at its own discretion, review any assessment of any taxpayer within the county.

(b) Notice of review. When the county board of review determines that it will review an assessment of a taxpayer, the taxpayer will be mailed a written notice of review of assessment on Form 111 (50 IAC 4.2-2-9), at least ten (10) days prior to the date of the scheduled hearing. The taxpayer may appear and submit any evidence they may desire in support of their original assessment. In any assessment review the assessing official shall consider the conditions and circumstances of the property as they existed, and use the state board's rules in effect on the original assessment date of the property under review.

(c) Notice of assessment. After the county board of review has completed the review of the taxpayer's assessment, it shall notify the taxpayer by mail, of the assessment on Form 115 (50 IAC 4.2-2-9).

(d) Limitation of time for county board of review action. A county board of review must make a change in the assessed value, including the final determination by the board of an assessment changed by a township or county assessing official, and give the notice of the change on or before the latter of:

(1) October 30 of the year for which the assessment is made; or

(2) five (5) months from the date the personal property return is filed if the return is filed after May 15 of the year for which the assessment is made provided the return has been filed in substantial compliance with this article.

Where the taxpayer fails to file a return, a notice of assessment must be given within the ten (10) year period after the date on which the return should have been filed. If a fraudulent return has been filed, there is no limitation of time within which it may act.

If the taxpayer fails to file a personal property return which substantially complies with the provisions of this article, the assessment may be increased if notice is given within three (3) years after the date the return is filed. (*Department of Local Government Finance; 50 IAC 4.2-3-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 829, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-3-3 Appeal of assessments; stay

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 3. (a) In the event the taxpayer does not agree with the assessment made by an assessing official, an appeal may be made as outlined in this section.

(b) Appeal to county board of review:

(1) The taxpayer may appeal to the county board of review by filing a Form 130 (50 IAC 4.2-2-9), petition for review of assessment with the county auditor in the county where the property was assessed within thirty (30) days from the mailing date of the written notice of assessment by the assessor.

(A) On the Form 130 (50 IAC 4.2-2-9), the petitioner must specify the following:

(i) The physical characteristics of the property in issue that bear on the assessment determination.

(ii) All other facts relevant to the assessment determination.

(iii) The reasons why the petitioner believes that the assessment determination by the township assessor is erroneous.

(B) Immediately upon receipt of a timely filed Form 130 (50 IAC 4.2-2-9), the county auditor shall forward a copy of the petition to the township assessor who made the challenged assessment.

(2)(A) The county board of review will provide a written notice of hearing on Form 114 (50 IAC 4.2-2-9) to the taxpayer and the township assessor advising them of the date on which such petition will be heard. After the hearing has been conducted, the county board of review shall give the petitioner and the township assessor notice, by mail, of its final determination on Form 115 (50 IAC 4.2-2-9). The county board of review must indicate agreement or disagreement with each item that is indicated on the petition submitted under subdivision (1).

(B) The county board of review must also indicate the issues in dispute and its reasons in support of its resolution of those disputes.

At the time that notice is given to the taxpayer, they shall also be informed in writing of:

(i) their opportunity for review; and

(ii) the procedures they must follow in order to obtain review before the state board.

(C) If a petition for review does not comply with the state board's instructions for completing the form as set forth in subdivision (1)(A) the county board of review shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date of the board's notice to cure the defect and file a corrected petition. The county board of review shall deny a corrected petition if it does not substantially comply with the state board's instructions for completing the form as set forth in subdivision (1)(A).

(c) Appeal to the state board. If a taxpayer or assessor does not agree with an assessment as determined by the county board of review, a petition for review of assessment on Form 131 (50 IAC 4.2-2-9), must be filed with the county auditor of the respective county requesting a review by the state board. This petition must be filed within thirty (30) days after the mailing date of the notice of final assessment by the county board of review, and must specify the following:

(1) The physical characteristics of the property in issue that bear on the assessment determination.

(2) All other facts relevant to the assessment determination.

(3) The reasons why the petitioner believes that the assessment determination by the county board of review is erroneous.

The county auditor shall transmit the petition for review to the state board within ten (10) days after it is filed.

If a petition for review does not comply with the state board's instructions for completing the form as set forth above, the state board shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the state board's notice to cure the defect and file a corrected petition. The state board shall deny a corrected petition for review if it does not substantially comply with the state board's instructions for completing the form as set forth in this section.

(d) Review of assessment and hearing by the state board. Upon receipt of the petition described in this subsection, the state board shall, at its earliest opportunity, schedule a hearing and assess the property in question. Such a hearing shall result in a complete review and determination of the petitioner's entire personal property assessment. The state board shall, at least ten (10) days before the date fixed for the hearing, notify the petitioner, the township assessor, the county assessor, and the county auditor, by mail, of the date for the hearing. Upon completion of the hearing, the state board must notify the petitioner, the township assessor, the county assessor, and the county auditor, by mail, of its final determination. The state board must indicate agreement or disagreement with each item that is:

(1) indicated on the petition submitted under this subsection; and

(2) included in the county board's determination under subsection (b).

(e) The state board must also indicate the issues in dispute and its reasons in support of its resolution of those issues. In addition, the state board shall give notice of the procedures to be followed in order to obtain a court review of its determination. (*Department of Local Government Finance; 50 IAC 4.2-3-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 830, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-3-4 Schematic of appeal and review procedures (Repealed)

Sec. 4. (*Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

50 IAC 4.2-3-5 Effect of pending review on duty to pay tax (Repealed)

Sec. 5. (*Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

50 IAC 4.2-3-6 Direct review by state board; hearing of appeal (Repealed)

Sec. 6. (*Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

50 IAC 4.2-3-7 Final determination of state board (Repealed)

Sec. 7. (*Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

50 IAC 4.2-3-8 Indiana tax court established (Repealed)

Sec. 8. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

50 IAC 4.2-3-9 Appeal to tax court (Repealed)

Sec. 9. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

50 IAC 4.2-3-10 Rehearing of state board determinations (Repealed)

Sec. 10. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

50 IAC 4.2-3-11 Appeal by county executive (Repealed)

Sec. 11. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

50 IAC 4.2-3-12 Petition for correction of error (Repealed)

Sec. 12. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

50 IAC 4.2-3-13 Time limitation for changes to assessments (Repealed)

Sec. 13. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

50 IAC 4.2-3-14 Refunds; time limitation (Repealed)

Sec. 14. *(Repealed by Department of Local Government Finance; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)*

Rule 4. Valuation of Depreciable Tangible Personal Property

50 IAC 4.2-4-1 “Depreciable personal property” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-31-1

Sec. 1. In general, “depreciable personal property” as used in this article is all tangible personal property as defined in 50 IAC 4.2-1-1(h) that is used in a trade or business, used for the production of income, or held as an investment that should be or is subject to depreciation for federal income tax purposes, except to the extent that property is treated otherwise in this article. In general, except as otherwise provided in this article, personal property will be deemed to become depreciable property when a depreciation deduction is allowable for federal income tax purposes. *(Department of Local Government Finance; 50 IAC 4.2-4-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 838, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-4-2 Book cost determinative

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 2. (a) The cost of depreciable property, both real and personal, as recorded on the taxpayer's books and records, must be utilized in determining the value of the depreciable personal property subject to assessment.

(b) The cost of all depreciable property of a taxpayer shall be the total amount reflected on the books and records of the taxpayer as of the assessment date except as provided in section 3 of this rule.

Per the provisions of this article and the Internal Revenue Code, effective January 1, 1987, the cost of depreciable personal property must include, but not be limited to direct costs and an appropriate portion of indirect costs attributable to its production or acquisition and preparation for use. The cost of machinery, furniture, tools, computers (excluding application software), and other

plant assets includes all costs necessary to place the asset in condition and in place, ready for use. These costs include, but are not limited to, the purchase price, transportation costs to the place of use, and installation costs, foundations and electrical wiring, interest incurred during construction and installation, and sales tax. If the asset is constructed by the company, the original cost must be made up of, but not limited to, the following costs:

- (1) direct and indirect labor costs and fringe benefits;
- (2) direct material costs;
- (3) designing;
- (4) supervision;
- (5) insurance;
- (6) depreciation of equipment used in construction;
- (7) claims for damage during construction not compensated for by insurance;
- (8) taxes and insurance during construction;
- (9) interest incurred during construction;
- (10) sales taxes; and
- (11) other costs directly chargeable to construction.

No profit should be added to the actual costs since the company cannot make a profit on itself. Any credits in the form of sales of scrap materials, discounts received on purchases of materials, and return premiums on surrender of insurance policies should be subtracted from the gross costs of construction to determine the actual cost of the asset.

(c) Additions and betterments. The cost of additions and betterments must be added to the original cost of the asset. If an additional part is added or some other change is made in the fixed asset which increases its estimated useful life, its production or efficiency, or changes it to a different use, such an expenditure is a betterment and should be capitalized by adding it to the original cost of the asset. If a part is replaced with a similar part, the new part would be shown as a new acquisition while the part replaced would be removed from the original cost of the asset when acquired. The cost of additions, betterments, or replacements would be reported as an addition, betterment, or replacement in the year the actual expenditure occurred.

(d) In the event a taxpayer cannot determine from their books and records the cost of the depreciable property on the assessment date, they must use:

- (1) the cost per books as of the close of their annual financial period immediately prior to the assessment date and so indicate on their return;
- (2) the book cost as of the close of their last financial period will then be adjusted to reflect all acquisitions and disposals of depreciable property which have occurred between such date and the assessment date;
- (3) this adjustment should be taken as provided in section 4 of this rule; and
- (4) installation costs and foundations applicable to machinery and equipment shall be reported and assessed on the same basis as the asset to which they apply.

(e) Reconciliation. A taxpayer must be able to reconcile the cost of the depreciable personal property reported on the tax returns required to be filed with the cost of all depreciable property as recorded on the taxpayer's books and records on the assessment date. A real and personal property guide is included in section 10 of this rule, to assist in the reconciliation, using Form 103-R (50 IAC 4.2-2-9).

(f) Multiple location taxpayers. Taxpayers with locations in more than one (1) taxing district in this state may fulfill the requirements of this section by making one (1) computation as required in subsection (e) for the entire state, provided that the cost of the depreciable personal property for each taxing district where the taxpayer has property on the assessment date is identified in such computation. (*Department of Local Government Finance; 50 IAC 4.2-4-2; filed Dec 7, 1988, 9:35 a.m.; 12 IR 839, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-4-3 Fully depreciated, retired, or nominally valued property; computer equipment; report and valuation

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 3. (a) Depreciable personal property, as defined in 50 IAC 4.2-1-1(h), that has not been retired from use must be reported for personal property assessment purposes whether or not the cost of such property has been removed from the taxpayer's books and records, has been recorded on the taxpayer's books and records, or has been recorded at a nominal value on the taxpayer's books

and records.

(b) Restoration of depreciable personal property written off. Any fully-depreciated personal property that has been written off the taxpayer's books and records and is on hand at the tax situs and not permanently retired on the assessment date must be reported in the return. The cost of such property must be clearly shown as an adjustment in the space provided on the tax return as provided in section 4 of this rule.

(c) Permanently retired depreciable personal property defined. "Permanently retired depreciable personal property" means depreciable personal property that has been removed from the manufacturing process on the assessment date, or has been removed from services other than manufacturing on the assessment date, and is awaiting disposition, and must be scheduled to be scrapped, removed, or disposed of and will be considered to be permanently retired providing the taxpayer actually scraps or sells such property.

Adjustment for permanently retired depreciable personal property. Depreciable personal property that is on hand at the tax situs on the assessment date, included in the cost per books as reported by the taxpayer in their return, and permanently retired on the assessment date as herein defined, is subject to an adjustment as herein provided if the taxpayer so elects.

Amount of adjustment. The cost per books of permanently retired depreciable property can be taken as an adjustment from book cost of depreciable property on the return provided the cost of such property is included in the cost per books actually reported on the return.

Eligibility. In order to qualify for this adjustment, a taxpayer will need to substantiate that the property was permanently retired and not in use.

(d) Valuation of permanently retired depreciable personal property. Permanently retired depreciable personal property should be valued at its net scrap or net sale value. The valuation of this property should be shown separately on the tax return and will not be subject to the thirty percent (30%) limitation of original cost.

(e) Valuation of depreciable personal property with a nominal value. Depreciable personal property recorded on the books and records at a nominal or no value must be recorded at its actual acquisition cost determined by reference to the insurable value in the year of acquisition for Indiana property tax assessment purposes. This category of property would include, but not be limited to, bulk purchase or the acquisition of a going business concern.

(f) Valuation of computer equipment. Computers are made up of three (3) elements:

- (1) hardware;
- (2) operational software; and
- (3) application software.

Computers (including hardware and operational software), must be reported at the actual acquisition cost regardless of how this property may be valued on the taxpayers books and records.

(g) Computers are made up of the following elements:

- (1) Hardware. Hardware is composed of mechanical, magnetic, electrical, and electronic devices and other components which constitute the physical computer assembly.
- (2) Operational software. The operational program controls the hardware and actually makes the machine operational. It is fundamental and necessary to the functioning of the computer hardware itself and performs such functions as loading, scheduling, supervision, and data management. It represents the internalized instruction codes that translate information into a form usable by the equipment and controls the basic operations of the central processing unit to perform arithmetic and/or logical operations automatically by means of programmed instructions. It is not normally accessible or modifiable by the user.
- (3) Application software. The application program is a written sequence of instructions which details the operations the equipment is to perform in order to achieve a specific objective of the user.

If the value recorded on the books and records reflects charges for customer support services such as educational services, maintenance, or application software that relate to future periods and not to the value of the tangible personal property, such charges may be deducted as nonassessable intangible personal property (to the extent that a separate charge or value can be identified).

(h) The allocation of interest incurred during construction and installation must be made (capitalized) for personal property tax purposes regardless of the fact that Section 263 of the Internal Revenue Code of 1986 is not applicable in certain cases. (*Department of Local Government Finance; 50 IAC 4.2-4-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 840, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-4-4 Adjustments to cost

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-31

Sec. 4. (a) Mandatory adjustment. The adjusted costs of the assessable depreciable personal property as computed in subsection (d), must be reported at the tax basis of such property as defined in Section 1012 of the Internal Revenue Code of 1986 unadjusted by Sections 167 (depreciation) and 179 (expense deduction) of that Code or any credits (such as investment tax credit) which diminished the cost basis of the property. Therefore, if the tax basis of the taxpayer's assessable depreciable personal property is different than the cost per books of such property, except for the depreciable personal property defined and required to be reported by section 3 of this rule, an adjustment must be made to the cost per books of the assessable depreciable personal property reported on the Indiana property tax return. It is important to note that this is a change from the prior requirements for Indiana ad valorem tax purposes in that interest (incurred prior to placement in service) and sales tax specifically are now required to be included as part of the tax basis of depreciable personal property.

(b) Reporting on return. The adjustment from book to tax basis must be computed on Form 106 (50 IAC 4.2-2-9), and shown in the taxpayer's return on line 2 of Form 103 - Long Form (50 IAC 4.2-2-9), Schedule A.

(c) Not elective. The adjustment is required to be made regardless of whether it is an increase or decrease of the cost per books.

(d) Computation of adjusted cost. The adjusted cost of depreciable personal property is the resultant amount obtained by adjusting the cost per books, as defined in section 2 of this rule (cost per books), subsection (a) (mandatory adjustments) 50 IAC 4.2-11-4(1) (property not subject to property tax), 50 IAC 4.2-11-5 (air pollution control system), 50 IAC 4.2-11-6 (industrial waste control facility), 50 IAC 4.2-11-8 (other property not subject to this article -real property), and vehicles subject to excise tax. *(Department of Local Government Finance; 50 IAC 4.2-4-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 841, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-4-5 Pools of property; determination of costs by acquisition year

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-31

Sec. 5. (a) The adjusted cost of depreciable personal property as computed in section 4 of this rule, is required to be segregated for Indiana property tax purposes into four (4) separate pools. The depreciable life utilized for federal income tax purposes determines the pool to be utilized for Indiana property tax purposes. The pools to be utilized for Indiana property tax purposes are as follows:

- (1) Pool No. 1: All assets which have a life of one (1) through four (4) years for federal income tax purposes.
- (2) Pool No. 2: All assets which have a life of five (5) through eight (8) years for federal income tax purposes.
- (3) Pool No. 3: All assets which have a life of nine (9) through twelve (12) years for federal income tax purposes.
- (4) Pool No. 4: All assets which have a thirteen (13) years or longer life for federal income tax purposes.

EXAMPLE

A taxpayer has adjusted cost of depreciable personal property as determined in section 4 of this rule, in the amount of one hundred thousand dollars (\$100,000). For federal income tax purposes the taxpayer uses a composite method of computing depreciation with three (3) separate composite accounts as follows:

- (1) a four (4) year account for transportation equipment: twenty thousand dollars (\$20,000);
- (2) a ten (10) year account for office furniture and fixtures: fifteen thousand dollars (\$15,000); and
- (3) a twelve (12) year account for all other depreciable personal property: sixty-five thousand dollars (\$65,000).

For Indiana property tax purposes, the transportation equipment would be includable in Pool No. 1 and the balance of the adjusted cost of depreciable personal property would fall in Pool No. 3. For illustrative purposes the breakdown would be as follows:

Pool No. 1	\$20,000
Pool No. 3	\$80,000
TOTAL	\$100,000

(b) Useful life. The useful life used to determine the proper classification of the pool in which an asset must be included is to be based upon the actual life utilized to compute depreciation on the federal income tax return of the taxpayer unless:

(1) The state board determines that such life is either unrealistic in relation to all of the taxpayer's facts and circumstances or when the life used on the federal tax return has been changed by the Internal Revenue Service on audit.

(2) The useful lives utilized by taxpayers in the state for a particular category of assets are varied and the state board, in order to obtain equalization in assessments, determines that a uniform life should be used by all such taxpayers in the state, the state board may prescribe the useful life of such assets for all of these taxpayers in the state pursuant to 50 IAC 4.2-7-2.

(Department of Local Government Finance; 50 IAC 4.2-4-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 841, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-4-6 Determination of the year of acquisition

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 6. (a) After the allocation of adjusted cost of depreciable tangible personal property, as provided in section 5 of this rule, it will be necessary to determine the cost by year of acquisition for each pool. The number of years which are required to be segregated by year of acquisition will depend upon the particular pool.

(b) Each pool is required to be segregated as follows:

(1) Pool No. 1 requires the cost to be determined by year of acquisition for the three (3) years immediately preceding the assessment date. The balance of the cost of the assets in this pool will be includable in the fourth category.

(2) Pool No. 2 requires the cost by year of acquisition be determined for the six (6) years preceding the assessment date. The balance of the cost would be includable in the seventh category.

(3) Pool No. 3 requires that cost by year of acquisition be determined for the ten (10) years preceding the assessment date. The balance of such account would be includable in the eleventh category.

(4) Pool No. 4 requires that the cost by year of acquisition be determined for the twelve (12) years preceding the assessment date with the balance of the cost of such pool includable in the thirteenth category.

(c) Reporting year. The year of acquisition for Indiana property tax purposes is a fiscal year March 2 to March 1 unless the taxpayer elects to use the same year as that utilized for federal tax purposes.

(1) If a taxpayer has a financial year that ends on December 31 or January 31, the taxpayer may elect to use the same year as that used for federal income tax purposes to determine the year of acquisition of assets for Indiana property tax reporting purposes. Otherwise, a taxpayer is not eligible to elect to use a federal year to compute year of acquisition for Indiana personal property tax purposes and must use a fiscal year of March 2 to March 1.

(2) If a federal tax year election is made, the acquisition made after the close of the taxpayer's federal taxable year to the assessment date must be included in a separate category on the return and clearly designated.

(d) Disposals. For Indiana property tax purposes it will be presumed that the disposal of depreciable personal property occurs on a first-in, first-out basis unless the taxpayer establishes that such was not the case. Therefore, absent evidence to the contrary, all disposals will be deemed to occur from the remaining category in each pool.

EXAMPLE

If a taxpayer, on a December 31 federal year, has twenty thousand dollars (\$20,000) of adjusted cost in Pool No. 1 and eighty thousand dollars (\$80,000), of which four thousand dollars (\$4,000) were purchased in January and February of the assessment year, in Pool No. 3 (see the Example contained in section 5(a) of this rule), such cost figures would be broken down into the year of acquisition as follows, providing the taxpayer makes an election to use federal tax year to compute year of acquisition cost:

	Pool No. 1	Pool No. 3
Jan. 1 to March 1, 1989	\$ None	\$ 4,000
1988	3,000	12,000
1987	4,000	10,000
1986	None	2,000
1985	13,000*	4,000
1984		1,000

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1983		None
1982		5,000
1981		30,000
1980		12,000
TOTALS	\$20,000	\$80,000

*Includes the year indicated and all depreciable personal property on hand which was acquired in years prior to the year indicated.

(Department of Local Government Finance; 50 IAC 4.2-4-6; filed Dec 7, 1988, 9:35 a.m.; 12 IR 842, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-4-7 True tax value determination; exception

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 7. (a) The true tax value for Indiana property tax purposes is computed by multiplying the adjusted cost of each year's acquisitions in the respective pool by a percentage factor obtained in subsection (b). The percentage factors in the table automatically reflect all adjustments for Indiana property tax purposes, except abnormal obsolescence, as provided in section 8 of this rule.

(b) Table to compute true tax value. The following table provides for each of the four (4) pools by year of acquisition the percentage of adjusted cost to compute true tax value. The sum of the true tax value for each of the four (4) pools is the true tax value of the personal property at the tax situs in question.

TABLE TO DETERMINE TRUE TAX VALUE FOR DEPRECIABLE PERSONAL PROPERTY BY PERCENTAGE OF ORIGINAL COST
Indiana Pools of Assets by Lives Utilized on Federal Tax Return

Year of Acquisition	Pool #1 (1-4 yrs)	Pool #2 (5-8 yrs)	Pool #3 (9-12 yrs)	Pool #4 (13 yrs and longer)
1	65%	40%	40%	40%
2	50%	56%	60%	60%
3	35%	42%	55%	63%
4	20%	32%	45%	54%
5		24%	37%	46%
6		18%	30%	40%
7		15%	25%	34%
8			20%	29%
9			16%	25%
10			12%	21%
11			10%	15%
12				10%
13				5%

(c) The true tax value of the depreciable personal property for the taxpayer on a December 31 federal tax year making the election to use federal tax year to compute the year of acquisition (see the EXAMPLES in sections 5 and 6 of this rule) would be computed as follows:

	Pool No. 1		Pool No. 3			
Jan 1 to March 1, 1989	\$None	65%	\$-0-	\$4,000	40%	\$1,600

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1988	3,000	65%	1,950	12,000	40%	4,800
1987	4,000	50%	2,000	10,000	60%	6,000
1986	None	35%	-0-	2,000	55%	1,100
1985	13,000	20%	2,600	4,000	45%	1,800
1984				1,000	37%	370
1983				None	30%	-0-
1982				5,000	25%	1,250
1981				30,000	20%	6,000
1980				None	16%	-0-
1979				None	12%	-0-
1978				12,000	10%	1,200
	<u>\$20,000</u>		<u>\$6,550</u>	<u>\$80,000</u>		<u>\$24,120</u>

Pool No. 1	<u>\$6,550</u>
True tax value of all depreciable personal property	<u>\$30,670</u>

(d) Exception. If personal property is leased, such property will not be valued for Indiana property tax purposes in accordance with this rule. Such personal property is to be reported in accordance with the provisions of 50 IAC 4.2-8. (*Department of Local Government Finance; 50 IAC 4.2-4-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 843, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-4-8 Adjustment for obsolescence

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 8. (a) A taxpayer may claim an adjustment for abnormal obsolescence as defined in 50 IAC 4.2-9-3, on business personal property provided that such taxpayer follows the procedures and meets the requirements regarding an adjustment for abnormal obsolescence contained in 50 IAC 9. It includes the impairment of desirability and usefulness brought about by new inventions and improved processes for production, or the impairment of functional capacity or efficiency if the inadequacy or overadequacy cause a loss in value and have made the property incapable of continued use for a prolonged period during the assessment year.

(b) Limitation. No adjustment will be allowed for normal obsolescence as defined in 50 IAC 9. The table to determine true tax value, as provided in section 7(b) of this rule, automatically makes allowance for this type of obsolescence. The values arrived at as a result of this table reflect the application of the double declining balance depreciation method to the point where straight line depreciation would be more beneficial to the taxpayer. This accelerated depreciation, and use of a short useful life and historical cost reflect any physical, functional, or economic obsolescence except to the extent that these items qualify for abnormal obsolescence as defined.

(c) Eligibility. The term "abnormal obsolescence" will be strictly construed and be limited to a situation where unforeseen changes in market values, exceptional technological obsolescence, or destruction by catastrophe occurs, providing that such events have a direct effect upon the valuation of the depreciable personal property of the taxpayer on a going concern basis at the tax situs in question.

(d) Adjustment. The dollar amount of the adjustment for the depreciable personal property pursuant to this section in no event can exceed the tentative true tax value as computed in section 7 of this rule, for the specific unit or units of depreciable personal property on which the taxpayer claims the adjustment. If the property has been incapable of continued use for a prolonged period during the assessment year, for a reason identified as qualifying for abnormal obsolescence, it will be eligible for an adjustment to be computed as follows:

- (1) If the cost-to-cure the cause of the abnormal obsolescence is equal to or less than the anticipated increase in utility, and hence value, it is economically feasible to repair or replace the impaired item and is thus deemed curable. The dollar amount of the cost-to-cure shall be the basis for determining the amount of abnormal obsolescence.
- (2) If the cause of the impairment cannot be corrected, or the cost-to-cure the cause of abnormal obsolescence is in excess of its contribution to the value of the property, it shall be deemed to be incurable. The amount of adjustment therefore shall be based upon the scrap or salvage value of the affected item, and shall be limited to the true tax value before adjustment for abnormal obsolescence of the affected item itself.

EXAMPLE 1

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Taxpayer ABC has depreciable personal property qualifying for an adjustment for abnormal obsolescence. The cost-to-cure the cause of the abnormal obsolescence is eight hundred thousand dollars (\$800,000), and is less than the anticipated benefits to be obtained from the use of the affected asset. The depreciable asset has an adjusted basis of six million five hundred thousand dollars (\$6,500,000), and an acquisition date and depreciable life which result in a true tax value factor of twenty percent (20%) (the total true tax value, of all of ABC's depreciable personal property in this taxing district, computed by the application of the prescribed pool percentages is greater than thirty percent (30%) of the total adjusted cost). The taxpayer should compute the abnormal obsolescence adjustment as follows:

Reported basis of asset		
Qualifying for abnormal		
Obsolescence adjustment	\$6,500,000	
Prescribed true tax		
Valuation factor	x 20%	
True tax value of item		
Prior to adjustment		
For abnormal obsolescence		\$1,300,000
Less: cost-to-cure cause of		
Abnormal obsolescence	\$800,000	
Prescribed true tax		
Valuation factor	x 20%	
Allowable adjustment for		
Abnormal obsolescence—to		
Line 68, Schedule A, Form 103	- 160,000	
True tax value of item		
		\$1,140,000

In no instance may the adjustment for abnormal obsolescence exceed the true tax value of the affected item prior to such adjustment, or result in a true tax value less than the scrap or net realizable value of the affected asset.

EXAMPLE 2

Taxpayer XYZ has depreciable personal property qualifying for an adjustment for abnormal obsolescence. The cost-to-cure the cause of the abnormal obsolescence is four hundred sixty thousand dollars (\$460,000), and exceeds the benefits expected from any further use of the affected asset. The depreciable asset has an adjusted basis of two million three hundred thousand dollars (\$2,300,000) and an acquisition date and depreciable life which result in a tentative true tax value factor of twelve percent (12%) (the total true tax value, of all of XYZ's depreciable personal property in this taxing district, computed by the application of the prescribed pool percentages is less than thirty percent (30%) of the total adjusted cost). The taxpayer is able to demonstrate that the salvage value of the affected item is seventy-two thousand dollars (\$72,000). The taxpayer should compute the adjustment as follows:

Reported basis of asset		
Qualifying for abnormal		
Obsolescence adjustment	\$2,300,000	
Prescribed true tax		
Valuation factor	x 30%	
True tax value of item		
Prior to adjustment for		
Abnormal obsolescence		\$690,000
Less: documented net		
Realizable value	- 72,000	
Allowable adjustment for		
Abnormal obsolescence		\$618,000

(Department of Local Government Finance; 50 IAC 4.2-4-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 843, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-4-9 Minimum valuation

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-31

Sec. 9. (a) Notwithstanding the foregoing provisions of this rule, the total valuation of a taxpayer's assessable depreciable personal property in a single taxing district cannot be less than thirty percent (30%) of the adjusted cost of all such property of the taxpayer.

(b) Exception. This limitation shall be applied prior to any special adjustment for abnormal obsolescence as provided in section 8 of this rule. The limitation does not apply to equipment not placed in service, special tooling, and permanently retired depreciable personal property. (*Department of Local Government Finance; 50 IAC 4.2-4-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 845, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-4-10 Determination of property as real or personal

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-1

Sec. 10. (a) Real and personal property guide. The following guide is intended to assist in the identification of property as either real or personal.

The use of a unit of machinery, equipment, or a structure determines its classification as real or personal property. If the unit is directly used for manufacturing or a process of manufacturing, it is considered as personal property. If the unit is a land or building improvement, it is considered as real property.

Beginning with the date when the March 1, 1989 reassessment becomes effective, the following property will be treated as tangible business personal property: all ash handling systems, pit and framing related to the system; coal handling systems; prefab walk-in type cold storage rooms; conveyor housings; crane runways including supporting columns or structure and foundation inside or outside of buildings; ore bridge foundations; and spray pond piping and equipment. The following property will be treated as real property:

- (1) package air conditioning units, through the wall commercial type;
- (2) grain bins for storage;
- (3) above ground swimming pools; and
- (4) portable confinement sheds or buildings.

These treatments are changes from the previous reassessment.

(b) Land improvement – Real.

Retaining walls, piling and mats for general improvement of site, private roads, walks, paved areas, culverts, bridges, viaducts, subways and tunnels, fencing, reservoirs, dikes, dams, ditches, canals, and drainage.

Fixed river, lake, or tidewater wharves and docks.

Permanent standard gauge railroad trackage, bridges, and trestles.

Walls forming storage yards and fire protection dikes.

Note that on-site utility piping, such as sanitary and storm sewers, potable water and fire prevention lines, and gas lines are considered as on-site improvement costs and are valued with the land.

(c) Buildings – Real.

Structural and other improvements to buildings, including foundations, walls, floors, roof, insulation, stairways, partitions, loading and unloading platforms and canopies, areaways, systems for heating, air conditioning, ventilating, sanitation, fixed fire protection, lighting, plumbing, and drinking water, building elevators and escalators.

(d) Miscellaneous.

Agricultural irrigation system including distribution system above or below ground – Personal.

Air conditioning:

Building air conditioning for comfort of occupants – Real.

Package units, through the wall commercial – Real.

Special process to maintain controlled temperature and humidity – Personal.

Air lines for machinery and equipment – Personal.

Aluminum pot lines – Personal.

Anhydrous ammonia tanks:

Stationary – Real.

Portable – Personal.

Ash handling system, pit and framing related to system – Personal.
Asphalt mixing plant and equipment (movable) – Personal.
Auto-call and telephone system – Personal.
Bar and equipment – Personal.
Bins – permanently affixed for storage – Real.
Boilers:
 Manufacturing process – Personal.
 Building service – Real.
Booths for welding – Personal.
Bowling alley lanes – Personal.
Bucket elevators (open or enclosed including casing) – Personal.
Building, such as special constructed storage, poultry, livestock processing buildings – (not including machinery or equipment) – Real.
Bulkheads making additional land area to be assessed with and as part of the improved land – Real.
Carpeting, commercial – (Real or Personal) – The real property assessment includes a finished floor. If the carpet is installed over an existing finished floor, then carpeting becomes personal property. If, as in the case of many newer buildings, carpeting has been specified and is the only finished floor, then carpeting is assessed as real property.
Cistern – Real.
Coal, handling system – Personal.
Cold storage:
 Built-in cold storage rooms – Real.
 Cold storage refrigeration equipment – Personal.
 Cold storage, prefab walk-in type – Personal.
Control booth – Personal.
Conveyor:
 Housing – Personal.
 Tunnels – Real.
 Unit including belt and drives – Personal.
Cooling Towers:
 Primary use for manufacturing – Personal.
 Primary use for building – Real.
Crane:
 Moving crane – Personal.
 Runways including supporting columns or structure and foundation inside or outside of buildings – Personal.
Dock levelers – Personal.
Drapes – Personal.
Drying rooms:
 Structure – Real.
 Heating System – Personal.
Dust catchers – Personal.
Fence, security – Real.
Fire alarm system – Personal.
Fire walls, masonry – Real.
Floors, computer room – Real.
Foundations for machinery and equipment – Personal.
Gas lines for equipment or processing – Personal.
Grain bins, storage – Real.
Grain drying equipment – Personal.
Grain drying equipment (such as: augers, aerators) – Personal.
Grain elevators (commercial, industrial), storage, silos, tanks, cupolas, workinghouse, headhouse, milling space – Real.

Grain elevator machinery and equipment (commercial, industrial) such as legs (inside or outside), conveyors, spouting, hopper scales, man lifts, aeration systems, grain cleaners, grain dryers, mechanical grain dumping equipment, loading and unloading systems, truck scales, all processing machinery and equipment – Personal.

Gravel plant – machinery and equipment – Personal.

Greenhouses:

Building – Real.

Benches and heating system – Personal.

Hoist, hoist pits – Personal.

Hydraulic lines – Personal.

Irrigation equipment – Personal.

Kilns:

Lumber, drying kiln structure – Real.

Concrete block, drying kiln structure – Real.

Laundry, steam-generating equipment – Personal.

Lighting:

Yard – Personal.

Special purpose, inside – Personal.

Service station (except building) – Personal.

Mixers and mixing houses – Personal.

Ore bridge foundation – Personal.

Ovens, processing – Personal.

Piping, process piping above or below ground – Personal.

Pits for equipment or processing – Personal.

Pools, swimming, in-ground or above-ground – Real.

Power lines and auxiliary equipment – Personal.

Pumps and motors – Personal.

Pump house (including substructure) – Real.

Racks and shelving (portable or removable) – Personal.

Railroad siding (except belonging to railroad) – Real.

Ready-mix concrete batch plant and equipment – Personal.

Refrigeration equipment – Personal.

Refrigerated display cabinets – Personal.

Sanitary system – Real.

Satellite dishes:

Commercial use – Personal.

Scale houses – Real.

Scales:

Truck or railroad scales including pit – Personal.

Dormant scales – Personal.

Septic system (priced with land) – Real.

Sheds or buildings:

Permanent, affixed or portable confinement buildings – Real.

Agricultural open portable pull-type – Personal.

Detached storage structures – Real.

Signs, including supports and foundation – Personal.

Silos:

Containing a manufacturing process – Personal.

Farm storage silos – Real.

Silo equipment – Personal.

Storage – Real.

Spray pond:

Masonry reservoir – Real.

Piping and equipment – Personal.

Sprinkler system – Real.

Stacks:

Supported individually and servicing heating boilers – Real.

Servicing personal property units or a process – Personal.

Steam electric generating plant and equipment – Personal.

Stone crushing plant, equipment – Personal.

Storage facilities, permanent of masonry or wood – Real.

Storage vaults and doors, including bank vaults and doors – Real.

Substation:

Building – Real.

Equipment – Personal.

Tanks:

Storage only (except as indicated below) above or below ground – Real.

Used as a part of a manufacturing process – Personal.

Underground gasoline tanks at service stations – Personal.

Towers, TV or radio broadcasting – Personal.

Transformers – Personal.

Tunnels – Real.

Tunnels, waste heat, or processing – Personal.

Unit heaters, nonportable – Real.

Unit heaters, portable – Personal.

Unloader runway – Personal.

Ventilating – Real.

Ventilating system for manufacturing equipment – Personal.

Walls, portable partitions – Personal.

Water lines, for processing above or below ground – Personal.

Water pumping station, building and structure – Real.

Water pumps and motors – Personal.

Water treating and softening plant building and structure – Real.

Water treating and softening equipment – Personal.

Wells, pumps, motors, and equipment – Personal.

Wiring – power wiring – Personal.

(Department of Local Government Finance; 50 IAC 4.2-4-10; filed Dec 7, 1988, 9:35 a.m.; 12 IR 845, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

Rule 5. Valuation of Inventory

50 IAC 4.2-5-1 “Inventory” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 1. (a) Inventory subject to tax. As used in this article, “inventory” means the aggregate of those elements of cost incurred to acquire or produce items of tangible personal property as defined in 50 IAC 4.2-1-1(h) which are:

- (1) held for sale in the ordinary course of business;
- (2) are currently in the process of production for subsequent sale;
- (3) are ultimately to be consumed in the production of the goods or services to be available for sale; or
- (4) are utilized in marketing or distribution activities.

(b) The term “inventory” embraces the following:

(1) Goods awaiting sale. Goods or commodities awaiting sale which include, but are not limited to:

(A) the merchandise of a retail or wholesale concern;

(B) the finished goods of a manufacturer;

(C) commodities from farms, mines, and quarries; and

(D) goods which are used or trade-in merchandise and by-products of a manufacturer.

(2) Work in process. Goods or commodities which are in the course of production at the Indiana location, i.e., items needing further processing to be considered finished or ready for shipment.

(3) Raw materials and supplies. Goods which will be consumed or used in either the Indiana manufacturing process or in any other manner by the taxpayer, directly or indirectly. This category would include, but not be limited to, raw materials, supplies, repair parts, expendable tools and samples.

(Department of Local Government Finance; 50 IAC 4.2-5-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 848, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-5-2 Inventory subject to assessment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-31-1; IC 26-1

Sec. 2. (a) Generally, all inventory with a tax situs in the state on the assessment date shall be subject to assessment. Certain inventories per 50 IAC 4.2-12, have specific exemption procedures. Every person, including any firm, partnership, association, corporation, fiduciary, or individual owning, holding, possessing, or controlling inventory in any capacity whatsoever with a tax situs within the state on the assessment date is required to file a personal property tax return and report such inventory as provided in 50 IAC 4.2-2-2.

(b) Inventory stored in a warehouse. The inventory subject to assessment includes all inventory whether or not in the actual possession of the owner within the state on the assessment date.

“Warehouse” means an area, enclosure, building, or structure, public or private, maintained for the storage of inventory or other tangible personal property.

“Public warehouse” means a storage facility which is operated by one engaged in the business of receiving, shipping, or storing goods of others for hire, through the issuance of warehouse receipts and releases, in accordance with the Indiana Uniform Commercial Code (IC 26-1). The storage facility must be under the supervision and control of the warehouseman and manned by its employees or agents, thereby excluding from this definition leased facilities operated by a lessee not engaged in the business of public warehousing.

Inventory maintained in a warehouse will be subject to assessment, and the tax will be imposed upon the owner thereof unless otherwise provided.

Every owner or operator of a warehouse, grain elevator (see also 50 IAC 4.2-15-5), terminal, or other storage facility is required to report by May 15 of the current year (with extension) all tangible personal property stored therein which it holds, possesses, or controls but does not own, on Form 103-N (50 IAC 4.2-2-9). All tangible personal property stored in a warehouse must be reported for assessment purposes in the township or taxing district where such property has a tax situs on the assessment date by the owner thereof. To the extent that the owner of said property is identified, said property shall be assessed to the owner. However, if as of the filing date (May 15 with extension), the owner of the property as of the assessment date is unknown by the assessor, said property shall be assessed to the possessor of such property. If the owner claims that such tangible personal property is exempt from assessment for taxation, the exemption shall be claimed on the tax return filed as provided in 50 IAC 4.2-12.

(c) Consigned goods. Inventory consigned for sale is to be assessed to the owner of the consigned property in the taxing district where a tax situs exists on the assessment date. The owner of the property (consignor) is required to file a complete return, including a complete list of such property on Form 103-O (50 IAC 4.2-2-9), in each taxing district where the property has a tax situs, to the township assessor(s) showing the name and address of the person in possession, model, description, location, quantities, and value per this article.

The value of such inventory is the cost of that inventory to the owner (consignor) as defined in section 5 of this rule.

The consigned inventory must be reported as not-owned property by the consignee and clearly designated as such. This property must be reported on Form 103-N (50 IAC 4.2-2-9), giving the name and address of the owner (consignor), model,

description, location, quantities, and value per this article.

(d) Grain. All whole grain that is owned, controlled, or possessed by any taxpayer with a tax situs within the state on the assessment date is required to be reported for assessment in the taxing district where situated.

The grain shall be valued according to the annual published values provided by the state board.

The quantities and types of grain owned, controlled, or possessed shall be reported on the tax return filed.

The value of the grain as computed in this section will be subject to all adjustments provided in this article as in the case of all other classes of inventory, except the thirty-five percent (35%) valuation adjustment per section 13 of this rule. (*Department of Local Government Finance; 50 IAC 4.2-5-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 848, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-3 Book cost

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 3. "Cost per books." Except as otherwise provided in this article, the cost of inventory as recorded on the regular books and records of the taxpayer on the assessment date must be reported on the personal property return of the taxpayer. If a taxpayer uses the lower of cost or market for valuing inventory for book accounting purposes, this method is allowable for Indiana property tax purposes. (*Department of Local Government Finance; 50 IAC 4.2-5-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 849, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-4 Mandatory adjustments

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 4. If the cost per books of the inventory reported by the taxpayer does not include the following items, such cost must be adjusted before reflecting any valuation adjustments or exemptions:

(1) LIFO reserve (the last-in-first-out method of valuing inventories). No reduction for LIFO is allowed in the valuation of inventories pursuant to this article. If the dollar amount shown as the cost per books of the taxpayer's inventory has been reduced for a LIFO adjustment, the dollar amount of the adjustment must be added back.

(2) Manufacturing expenses (overhead or indirect cost). If the cost per books of inventory located at the manufacturing or processing plant excludes any or all manufacturing overhead, an adjustment increasing such cost must be made for the overhead excluded before any valuation adjustments will be allowable.

(3) Wholesalers and retailers allocable expenses. If the cost per books of inventory owned by a wholesaler or retailer excludes any or all allocable expenses (as defined in section 5(c) of this rule), an adjustment increasing such cost must be made for the allocable expenses excluded.

(4) Discounts and freight. The cost of the inventory shall be reduced for purchase, trade, and cash discounts providing the cost per books of the taxpayer's inventory includes these items. The cost of inventory shall be increased for freight-in to the extent that it is attributable to the inventory on hand, providing the cost per books of the taxpayer's inventory does not reflect this item.

(5) Adjustment for standard cost. If the inventory on the books is recorded at a standard cost, an adjustment is required to reflect the difference, if any, between such standard cost and actual cost.

(6) Royalties, editorial, license, or copyright fees. If the cost per books of inventory excludes any royalties, editorial costs, license or copyright fees, an adjustment increasing such cost must be made for reporting purposes under this article before any valuation adjustments will be allowable pertaining to that inventory. If the expenditure is contingent upon the sale of the inventory, it shall not be deemed to be indirectly incurred.

(7) Taxes. If the cost per books of inventory excludes any taxes (other than state, local, and foreign income taxes) which have been paid or incurred, an adjustment increasing such cost must be made for reporting purposes under this article before any valuation adjustments will be allowable pertaining to that inventory.

(*Department of Local Government Finance; 50 IAC 4.2-5-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 849, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-5 Definitions

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 5. (a) “Cost of inventory.” The primary basis of accounting for inventories is cost, which has been defined generally as the price paid or consideration given to acquire an asset. As applied to inventories, cost means, in principle, the sum of the applicable expenditures and charges directly or indirectly incurred in bringing an article to its existing condition and location as of the assessment date. Uniform capitalization rules generally require capitalization of all direct material, direct labor, and an allocable portion of indirect costs attributable to acquiring or producing tangible personal property.

Manufactured or work in process inventory located at the manufacturing or processing plant will include all costs paid or incurred for materials, labor, and manufacturing expenses to bring the inventory to the actual state of completion on the assessment date.

As used in the phrase “lower of cost or market”, cost should be carried forward for assignment in future periods except when it is evident that the utility of the goods is no longer as great as their cost. Where there is evidence that the utility of goods, in their disposal in the ordinary course of business, will be less than cost, whether from damage, deterioration, obsolescence, style change, over-supply, reduction in price levels, or other causes, the inventory items should be stated at a lower level commonly designated as market.

“Market” means current replacement cost (by purchase or by reproduction, as the case may be) except that:

- (1) market should not exceed the net realizable value, i.e., estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal; and
- (2) market should not be less than net realizable value reduced by an allowance for an approximately normal profit margin.

EXAMPLE

To illustrate the application of the foregoing, assume the following for the sale of a certain commodity: selling expense twenty dollars (\$20); normal profit fifteen dollars (\$15).

Assuming estimated sales price, actual cost, and replacement cost as indicated below, the lower of cost or market as limited by the foregoing concepts is found in each case as follows:

	Estimated Sales Price	Cost	Market			Lower of Cost or Market
			Floor	Ceiling	Replacement Cost	
(a)	\$75	<u>50</u>	40	55	60	50
(b)	75	50	40	55	<u>45</u>	45
(c)	75	50	<u>40</u>	55	35	40
(d)	65	50	30	<u>45</u>	55	45
(e)	65	50	30	45	<u>40</u>	40
(f)	65	50	<u>30</u>	45	25	30

The value underlined is the value that is applicable for purposes of the cost or market determination.

(b) “Manufacturing expenses” (overhead or indirect costs). Manufacturing expenses are herein defined as those costs of manufacturing that in an accounting sense are costs that are not directly attributable to the item being produced. These indirect costs consist of, but are not limited to, such items as:

- (1) repairs and maintenance of equipment and facilities;
- (2) utilities;
- (3) rental of equipment, facilities, or land;
- (4) indirect labor;
- (5) supervisory wages;
- (6) indirect materials and supplies;
- (7) quality control and inspection;
- (8) depreciation, amortization, and cost recovery allowable on equipment and facilities;
- (9) rework labor;
- (10) scrap and spoilage;

- (11) factory administrative cost;
- (12) administrative, service, or support functions related to production;
- (13) production officers' salaries;
- (14) insurance on production plant, production equipment, and inventory;
- (15) employee benefits (not including the past service portion of pension plans);
- (16) bidding costs on awarded contracts;
- (17) engineering and design expenses (other than research and experimental expenses);
- (18) off-site storage and warehousing;
- (19) purchasing costs;
- (20) handling costs; and
- (21) a portion of general and administrative costs allocated to these functions.

Many of these costs are of such nature that the taxpayer in its regular accounting system determines by an estimate the amount of each cost that is used in a specific operation and consequently, for accounting purposes, allocates such costs at various stages, processes or upon completion, based upon a percentage of a determinable cost. A determinable cost is a cost that in an accounting sense is measured as incurred. Consequently, indirect cost or overhead is comprised of those expense items or costs that, for the accounting purposes of the taxpayer filing the return, are allocated to the product being produced on a percentage basis or some other reasonable relationship. Physical association of these costs with the items produced is seldom possible; nevertheless, the past experience of a company will offer a valid basis for allocation.

(c) "Allocable expenses" (wholesalers' and retailers' general and selling). Wholesalers' and retailers' general and selling expenses are of two (2) general types: those required to bring inventory to the point of sale and those necessary to execute the sale. The costs incurred to bring the property to the point of sale must be assigned to the value of inventory on the basis that these are proper service contributions made to bring the goods to the point of sale and to ensure the assessment of similar property at a similar value for the sake of uniformity and equity. This adjustment for the inclusion (capitalization) of allocable expenses is required to be made in determining the cost of inventory for personal property tax purposes notwithstanding book accounting or uniform capitalization rules per Section 263 A of the Internal Revenue Code of 1986. These costs consist of, but are not limited to:

- (1) Off-site storage and warehousing: off-site storage is any storage other than space that is physically attached to a retail sales facility where customers make purchases in person. The costs relating to an off-site storage facility include:
 - (A) all labor costs, including normal (but not past service) pension costs and fringe benefits;
 - (B) occupancy expenses such as rent, depreciation, insurance, security, taxes, utilities, and maintenance; and
 - (C) materials, supplies, tools, and equipment.
- (2) Purchasing costs which include:
 - (A) labor costs of purchasing personnel (including pension costs and fringe benefits); and
 - (B) office machines, supplies, telephone, and travel relating to purchasing activities.
- (3) Handling costs which include:
 - (A) processing;
 - (B) assembling and repackaging merchandise; and
 - (C) transportation from place of purchase to the storage facility; between storage facilities; and from any location to the retail outlet.
- (4) General and administrative costs: a retailer or wholesaler must treat as inventory costs the portion of general and administrative expenses attributable to off-site storage, purchasing, and handling activities.

EXAMPLE OF ASSIGNMENT OF ALLOCABLE COSTS TO
INVENTORY OF A WHOLESALER OR RETAILER

Retailer Inc.'s sales for the past three (3) years have averaged less than ten million dollars (\$10,000,000) and thus not all of the required costs (as defined in this subsection), are assigned to inventory and cost of goods sold for federal income tax purposes.

Retailer's income statement for the year ended December 31, 19X1 can be summarized as follows:

Beginning inventory, January 1,		
19X1: stock-in-trade		
(including freight)	\$	250,000
Purchases and freight in for the year	+	4,000,000
Goods available for sale	\$	4,250,000
Less: ending inventory, December 31, 19X1	-	300,000

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Cost of goods sold for 19X1	<u>\$ 3,950,000</u>
Expenses for the year:	
assignable to inventory cost per subsection (c) (includes off-site warehousing, purchasing, receiving, and general and administrative costs)	\$ 205,000
Divide by: purchases for the year	<u>4,000,000</u>
Allocation factor	5.125%
Multiply by: the March 1, 19X2 inventory cost per books	<u>x 310,000</u>
Equals: adjustment for allocable costs not included in Retailer Inc.'s cost per books	<u>\$ 15,888</u>
Total March 1, 19X2 inventory which is taxable for personal property tax purposes (\$310,000 + \$15,888)	<u>\$ 325,888</u>

The previous computation is an example of an acceptable method of computing the amount to be added to the book inventory for personal property assessment purposes. Each taxpayer is required to compute their unapplied costs based upon the particular records and details of their business. Studies have suggested that the capitalization of allocable costs which were properly expensed for federal income tax purposes will increase the cost of inventory for an average business approximately five percent (5%) over the correctly recorded book cost. This five percent (5%) figure is intended only as a guideline.

(d) "Intra-company profits" means the net profits on intra-company transfers within the legal entity filing the tax return and not profits from a separate legal entity, regardless of any inter-corporate relationships. Intra-company profits are not required to be included in the valuation of inventory for assessment purposes since they have not been earned. (*Department of Local Government Finance; 50 IAC 4.2-5-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 850, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-6 Inventory not on a perpetual basis

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 6. If the cost per books of the taxpayer's inventory does not reflect the inventory on the assessment date because the taxpayer's regular books and records do not account for inventory on a perpetual basis and do not accurately reflect the inventory on hand at the end of each uniform accounting period (which shall not be less than twelve (12) periods) in the prior year, the taxpayer is required to make an adjustment to reflect the cost of purchases and dispositions that occurred since the last physical inventory to the assessment date.

Example of Working an Inventory Forward
for a Manufacturer

Manufacturing, Inc. has a federal year-end of December 31, 19X1. Manufacturing, Inc. does not have regular books and records which account for inventory on a perpetual basis. The following is an example of how Manufacturing, Inc. adjusts its inventory to March 1, 19X2, the assessment date.

Manufacturing, Inc. has the following inventory recorded on its books at 12-31-X1 (year-end):

Raw materials	\$ 10,000
Work in process	2,000
Finished goods	<u>6,000</u>

Total recorded inventory at 12-31-X1 \$ 18,000

Interim period purchases
(1-1-X2 to 3-1-X2):

Raw materials purchases	\$ 10,000
Direct labor	8,000

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Manufacturing overhead (seventy-five percent (75%) of direct labor)	<u>6,000</u>
Total interim period purchases	\$ 24,000
Information taken from federal return:	
Cost of goods sold (for year ended 12-31-X1)	\$ 80,000
Divided by:	
Net sales (for year ended 12-31-X1)	<u>\$100,000</u>
Equals:	
Cost of sales percentage	80%
Multiplied by:	
Net sales (interim period 1-1-X2 to 3-1-X2)	<u>\$ 20,000</u>
Cost of sales (1-1-X2 to 3-1-X2)	\$ 16,000
Excess of purchases to sales indicating an increase in inventory for the period	<u>\$ 8,000</u>
Total inventory on hand March 1, 19X2	<u><u>\$ 26,000</u></u>

Example of Working an Inventory Forward
for a Retailer

Retailer Company has a federal year-end of June 30, 19X1. Retailer Company does not have regular books and records which account for inventory on a perpetual basis. The following is an example of how Retailer Company adjusts its inventory to March 1, 19X2, the assessment date.

Retailer Company has the following inventory recorded on its books at 6-30-X1 (year-end):

Stock in trade	\$ 50,000
Interim period purchases (7-1-X1 to 3-1-X2):	
Purchases	\$ 47,825
Freight-in	975
Allocable costs	<u>2,700</u>
Total interim period purchases	\$51,500
Information taken from federal tax return:	
Cost of goods sold (for year ended 6-30-X1)	\$ 60,000
Divided by:	
Net sales (for year ended 6-30-X1)	<u>\$100,000</u>
Equals:	
Cost of sales percentage	60%
Multiplied by:	
Net sales (interim period 6-30-X1 to 3-1-X2)	<u>\$ 89,167</u>
Cost of sales (6-30-X1 to 3-1-X2)	\$53,500
Excess of sales to purchases indicating a decrease in inventory for the period	<u><u>(\$ 2,000)</u></u>

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Total inventory on hand March 1, 19X2

\$48,000

Note: Stock in trade and cost of goods sold must include allocable costs as defined in section 5(c) of this rule. (*Department of Local Government Finance; 50 IAC 4.2-5-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 852, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-7 Alternative method

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-11; IC 6-1.1-31

Sec. 7. (a) As an alternative to any other method(s) described in this article, a manufacturer or processor in this state who is in possession of inventory on the assessment date, which it manufactured or processed at the tax situs for which the return is prepared, may value finished goods and work in process inventory as follows:

(1) The cost of raw materials and supplies which must include the total cost directly or indirectly incurred, including freight, to bring the property to the location where it will be utilized in the manufacturing process. Manufacturers or processors acquiring manufactured products from related entities shall include in the accountability cost the sum of all costs directly or indirectly incurred in bringing the article to its existing condition and location on the assessment date.

(2) The cost of all direct production labor.

(3) The thirty-five percent (35%) valuation adjustment will not be allowed for work in process and finished goods inventory.

(4) Raw materials and supplies inventories will qualify for the thirty-five percent (35%) valuation adjustment, provided that such items have not entered the manufacturing process.

(5) Any adjustment taken from inventory valuation must be the same basis on which it was included in the tax return.

(6) This election must be applied to all locations within this state, except as noted in subdivision (7). If this alternative method is elected, the taxpayer may not use any other method to value inventory for any subsequent year unless a written request has been approved by the state board prior to the due date of the return.

(7) This election is available only for manufacturers' or processors' finished goods or work in process inventories to the extent that the goods have not entered another level of trade.

(b) Taxpayer's computation. Computations of the adjustments outlined in this section are required to be attached to the tax return and/or computed on Form 106 provided by the state board pursuant to 50 IAC 4.2-2-9. (*Department of Local Government Finance; 50 IAC 4.2-5-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 853, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-8 Reporting of inventory not carried on books of taxpayer

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-1; IC 6-1.1-31

Sec. 8. (a) All inventory as defined in sections 1 through 2 of this rule is required to be reported for personal property tax assessment purposes regardless of the fact that a taxpayer may expense such inventory in the period acquired for regular accounting or federal tax purposes or that a taxpayer's books and records fail to properly reflect inventory on hand but not recorded. This includes, but is not limited to, supplies, repair parts, or expendable tools on hand on the assessment date.

(b) Valuation of inventory expensed on books. In general, unless the taxpayer can otherwise substantiate, the value of the unrecorded inventory will be computed as follows:

(1) Expenditures for year. The total expenditures for the unrecorded inventory items by the taxpayer during the twelve (12) months immediately preceding the assessment date shall be determined by reference to the regular books and records of the taxpayer.

(2) Valuation. One-twelfth ($1/12$) of the total expenditures for the year for unrecorded inventory must be reported as the valuation of the unrecorded inventory.

(3) Required computation. This computation must be made for each classification of unrecorded inventory that may exist.

(4) Alternative. The taxpayer may deviate from the above computation of the valuation for unrecorded inventory, however, they must so indicate on the tax return filed, must include therein a computation of the unrecorded inventory and must be able to substantiate the computation.

(c) Valuation of unrecorded inventory. Except as provided in subsection (b), the value of inventory not recorded on the books

and records of the taxpayer on the assessment date is the actual cost of such inventory. (*Department of Local Government Finance; 50 IAC 4.2-5-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 853, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-9 Average method of valuation

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3; IC 6-1.1-31

Sec. 9. (a) Election. A taxpayer may elect to value inventory on the prior calendar year average. This is applicable to all taxpayers, including manufacturers, with respect to materials held for use and production, supplies of all types, finished and partly-finished goods of manufacturers or processors.

(b) Procedure. This election is made by notification to the assessor at the time of filing the tax return and so indicating on the tax return being filed.

(c) Binding on future years. The election once made is binding upon the taxpayer for the tax year in question and for each year thereafter unless written permission to change for reasonable cause is granted by the state board.

(d) Effective for all locations in state. When a taxpayer has elected to use the average method, they must use that method for reporting the value of their inventory wherever located in the state. When the taxpayer is a new taxpayer in a taxing district and becomes a new taxpayer between December 31 and March 1 of the assessment year, the election is not binding because the taxpayer did not have inventory at the tax situs in question for the preceding calendar year or a portion thereof.

(e) The base for determining average inventory. The average inventory shall be determined by computing the cost (as provided in sections 3 through 8 of this rule or section 11 of this rule) of the inventory on hand at the end of each uniform accounting period in the prior calendar year which shall not be less than twelve (12) periods.

(1) Base. The accounting periods used by the taxpayer to determine the base for computing average inventory must be the accounting period which represents a regular and ordinary practice of the taxpayer.

(2) In business for portion of year. If a taxpayer was engaged in business for only a portion of the preceding calendar year in a taxing district, the average method of valuation shall be based upon the average of the full calendar months during which the taxpayer was engaged in business in the prior calendar year.

(3) Records required. Adequate books and records showing the property on hand and the value thereof as of the last day of each accounting period in the prior calendar year must be maintained by the taxpayer electing to use the average method of inventory valuation.

(f) New taxpayer in a taxing district. If a taxpayer becomes a new taxpayer in a taxing district between December 31 and the March 1 assessment date, the actual cost of the inventory on hand at the given taxing district on the assessment date must be reported by the taxpayer in the return being filed.

(1) Exception. This is required even though the taxpayer has made a valid election to compute their inventory on the average method for the entire state.

(2) First year. This exceptional procedure is applicable only for the first year that a taxpayer is a new taxpayer in a taxing district.

(3) New taxpayers. For purposes of this section, a taxpayer will be deemed to be a new taxpayer in a taxing district when they have not had inventory in the given taxing district for any month during the preceding calendar year.

(*Department of Local Government Finance; 50 IAC 4.2-5-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 854, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-10 Average inventory election for perishable horticultural processors

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3; IC 6-1.1-31

Sec. 10. (a) In lieu of all other methods specified in this section, a first processor of perishable horticultural products may list for assessment inventory of such products which have passed the first process stage at one-twelfth ($\frac{1}{12}$) the true tax value of such products so processed by such processor in the twelve (12) month period ending on the assessment date, or at one-twelfth ($\frac{1}{12}$) the true tax value of such products stored by such processor on the assessment date. If such processor has not been in business for a continuous twelve (12) month period preceding the assessment date, such inventory may be listed for assessment at the true tax value

of such products processed during the period during which such processor was in business divided by the number of whole months during such period, or at the true tax value of such products stored by such processor on the assessment date divided by the number of whole months during such period.

(b) Definitions:

- (1) "First process" means the first operation of preservation after harvest.
- (2) "First processor" means that the product must have been processed by the processor claiming the special valuation treatment under this section and the product must have passed the first stage of preservation on the assessment date.
- (3) "Perishable" means products subject to decay and spoilage. A commodity is not regarded as perishable at the time of receipt from the farm unless under ordinary circumstances some affirmative and continuous step such as refrigeration or canning is necessary within forty-eight (48) hours of harvest to preserve it from decay or spoilage.
- (4) "Horticultural products" means products recognized as qualified for special valuation treatment under this section and includes fruits and vegetables for human consumption:

- (A) cherries;
- (B) lima beans;
- (C) peas;
- (D) turnip greens;
- (E) spinach;
- (F) tomatoes;
- (G) asparagus;
- (H) green beans;
- (I) sweet corn;
- (J) grapes, in the form of wine;
- (K) pimentoes;
- (L) plums;
- (M) red raspberries;
- (N) strawberries;
- (O) broccoli;
- (P) cauliflower;
- (Q) brussel sprouts;
- (R) peaches;
- (S) shellie beans;
- (T) waxed beans;
- (U) apricots; and
- (V) cucumbers, in the form of pickles.

(5) "One-twelfth ($\frac{1}{12}$) the true tax value" means the special valuation treatment under this subsection shall be applied only to those products which qualify in subdivision (4) and will not include the value of any other ingredients or additives, the container, label, or shipping case. No additional thirty-five percent (35%) valuation adjustment as provided under section 13 of this rule, will be allowed for products qualified under this section.

(c) Reporting purposes. The taxpayer shall report the actual March 1 booked inventory in the tax return being filed. An adjustment to the value computed using the average valuation shall be taken in the space provided on the return and clearly indicated as an adjustment for average inventory valuation. (*Department of Local Government Finance; 50 IAC 4.2-5-10; filed Dec 7, 1988, 9:35 a.m.; 12 IR 854, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-11 Optional method of valuation for retailers

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 11. (a) Retail method of valuing inventory. Retail merchants may, in lieu of reporting their inventory on the basis of historical cost, compute the cost of their inventory pursuant to this section. The provisions of this section result in the inventory being valued at the lower of cost or market.

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(b) Retail selling price of inventory on the assessment date. The retail selling price of inventory on the assessment date is computed by adding the retail selling price of purchases and any markups made between the end of the preceding federal tax year and the assessment date to the retail selling price of the ending inventory for the preceding federal tax year and subtracting the actual net sales and realized markdowns that have occurred and been realized between the end of the preceding tax year and the assessment date.

(c) Cost ratio. The cost ratio is computed from information obtained from the federal income tax return for the tax year ending immediately preceding the assessment date. The following factors must be computed:

(1) Cost of goods available for sale is the sum of the cost of beginning inventory plus the cost of purchases during the year.

(2) The retail value of goods available for sale is the sum of the beginning inventory at retail sales price plus the retail sales price of purchases during the tax year plus net markups (markups less markup cancellations).

(3) The cost ratio is the "cost of goods available for sale," computed in subdivision (1), divided by the "retail value of goods available for sale," as computed in subdivision (2).

(d) Inventory on the assessment date at lower of cost or market. The ending inventory at the lower of cost or market is computed by multiplying the "cost ratio" computed in subsection (c)(3), by the "retail selling price of inventory on the assessment date," as computed in subsection (b).

(e) Records required. If a taxpayer cannot substantiate from the regular books and records of the taxpayer the actual markups, markup cancellations, and markdowns actually realized, the election to use the retail method of valuation may not be utilized by the taxpayer.

(f) Examples:

(1) Retail selling price of inventory on the assessment date:

The retail sales value of inventory at the end of the federal tax year	\$37,200
Addition (purchases) to March 1 at retail	<u>19,973</u>
Total	\$57,173
Subtraction to March 1:	
Sales	(32,000)
Net markdowns realized	<u>(400)</u>
Inventory at retail on assessment date	<u><u>\$24,773</u></u>

(2) Cost of goods available for sale (based on federal tax return of the immediately preceding tax year):

Beginning inventory at cost	\$14,000
Purchases at cost:	<u>63,000</u>
Cost of goods available for sale	<u><u>\$77,000</u></u>

(3) Retail value of goods available for sale (based on federal tax return of immediately preceding tax year):

Beginning inventory at retail	\$20,000
Purchases at retail	<u>90,000</u>
Total	110,000
Net markups (\$4,000-\$3,000)	<u>1,000</u>
Retail value of goods available for sale	<u><u>\$111,000</u></u>

(4) Cost ratio: \$77,000 divided by \$111,000 = 69.37%

(5) Inventory on the assessment date at lower of cost or market:

Retail selling price of inventory on assessment date (subdivision (1))	\$24,773
Cost ratio (subdivision (4))	<u>69.37%</u>
Inventory at the lower of cost or market	<u><u>\$17,185</u></u>

(g) Adjustment. If the provisions of this section are utilized to value retail inventory, an adjustment to book cost is required to be made pursuant to section 12 of this rule. (*Department of Local Government Finance; 50 IAC 4.2-5-11; filed Dec 7, 1988, 9:35 a.m.: 12 IR 855, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-12 “Gross value of inventory subject to taxation before valuation adjustments” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 12. The gross value of inventory before the valuation adjustment is the cost per books of the inventory, as defined in sections 3 and 5 of this rule, increased or reduced as follows:

- (1) The adjustments required to be made pursuant to section 4 (mandatory adjustments) of this rule.
- (2) The value of the unrecorded inventory as determined in sections 6 and 8 of this rule.
- (3) Reductions for the exempt inventory as provided in 50 IAC 4.2-12-1 through 50 IAC 4.2-12-8.
- (4) The adjustments, if any, required as a result of the election of the average inventory method as provided in sections 9 through 10 of this rule.
- (5) The adjustments, if any, resulting from the use of the retail method of valuing inventory as provided in section 11 of this rule.

(*Department of Local Government Finance; 50 IAC 4.2-5-12; filed Dec 7, 1988, 9:35 a.m.: 12 IR 856, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-13 Valuation adjustment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 13. Thirty-five percent (35%) of the adjusted cost of inventory as determined pursuant to section 12 of this rule, shall be allowable as a valuation adjustment for Indiana property tax purposes. This adjustment is in lieu of all other valuation adjustments except for the abnormal obsolescence adjustment provided in section 14 of this rule. The amount of this adjustment constitutes an inventory valuation reserve to provide for the normal valuation aspects provided by statute. The prices for farm products prescribed by the state board pursuant to 50 IAC 4.2-7-1, are computed using the alternative method (section 7 [*of this rule*]), therefore, the thirty-five percent (35%) valuation adjustment will not be allowed for those items. (*Department of Local Government Finance; 50 IAC 4.2-5-13; filed Dec 7, 1988, 9:35 a.m.: 12 IR 856, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-5-14 Abnormal obsolescence adjustment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 14. (a) A taxpayer may claim an adjustment for abnormal obsolescence as defined in 50 IAC 4.2-9-3, on inventory, provided that such inventory meets the requirements regarding an adjustment for abnormal obsolescence contained in 50 IAC 4.2-9-3.

(b) Limitation. No adjustment will be allowed for normal obsolescence as defined in 50 IAC 4.2-9-2. The valuation reserve pursuant to section 13 of this rule automatically takes into consideration this type of obsolescence. In general, the rules affecting abnormal obsolescence are defined in 50 IAC 4.2-9-3(a). However, the rules affecting abnormal obsolescence on inventory are more restrictive due to the fact that there are other provisions in this article which address changes in market conditions and/or excess inventory.

Unforeseen changes in market values may result from changes in fashions, styles, demand for the product, or government action. Changes in market values should be recognized under sections 3 through 8 of this rule to the extent that it can be demonstrated as of the assessment date that the taxpayer uses the lower of cost or market method of valuing inventory for book accounting purposes. Also, a taxpayer reporting its inventory using the retail method provided in section 11 of this rule will not be entitled to an adjustment for abnormal obsolescence since net markdowns are reflected in the reported values. A taxpayer with excess inventory as of the assessment date may utilize the calendar year average inventory election provided in sections 9 through 10 of this rule.

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(c) Eligibility. The adjustment requested for abnormal obsolescence, as herein defined, will be allowed providing a taxpayer can substantiate that they have incurred abnormal obsolescence which has not as of the assessment date been recorded on their regular books and records. The term "abnormal obsolescence" will be strictly construed and be limited to a situation where unforeseen changes in values as a result of exceptional technological obsolescence or destruction by catastrophe occur, providing that such events have a direct effect on the value of the inventory of the taxpayer at the tax situs in question on a going concern basis.

(d) Adjustment. The dollar amount of the adjustment pursuant to this section will be based upon the adjusted book cost of such inventory, determined pursuant to section 12 of this rule, less the scrap or realizable value of the obsolete inventory. Sixty-five percent (65%) of such amount will be allowable as an adjustment for abnormal obsolescence in inventory.

EXAMPLE 1

The total cost per books of a taxpayer's inventory is two hundred fifty thousand dollars (\$250,000). Included in this total is inventory with a cost of one hundred thousand dollars (\$100,000) which qualifies for an adjustment for abnormal obsolescence, and the taxpayer is able to demonstrate that the net realizable value of said items as of the assessment date is fifty thousand dollars (\$50,000). The taxpayer should compute the abnormal obsolescence adjustment as follows:

Reported book value of items qualifying for abnormal obsolescence adjustment	\$100,000	
Less: scrap value of these items	- 50,000	
	<u>50,000</u>	
Difference		\$50,000
Adjustment factor	x 65%	
Allowable adjustment for abnormal obsolescence		<u><u>\$32,500</u></u>

EXAMPLE 2

Using the same facts as above, Schedule B of Form 103 would be completed as follows:

Line		
24	Total inventory before special adjustments	\$250,000
	Special adjustments:	
25	Valuation adjustment @ 35%	\$87,500
26	Abnormal obsolescence	<u>+ 32,500</u>
27	Total special adjustments	<u>- 120,000</u>
28	Total true tax value of inventory	<u><u>\$130,000</u></u>

(Department of Local Government Finance; 50 IAC 4.2-5-14; filed Dec 7, 1988, 9:35 a.m.: 12 IR 856, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-5-15 Determination of true tax value of inventory

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31

Sec. 15. The true tax value of inventory is determined by subtracting from the adjusted value of inventory, as determined in section 12 of this rule, the valuation reserve computed in accordance with section 13 of this rule, and an adjustment for abnormal obsolescence, if any exists, and can be substantiated pursuant to section 14 of this section. (Department of Local Government Finance; 50 IAC 4.2-5-15; filed Dec 7, 1988, 9:35 a.m.: 12 IR 857, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

Rule 6. Valuation of Other Tangible Personal Property

50 IAC 4.2-6-1 Tangible personal property not placed in service; reporting

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31

Sec. 1. (a) Tangible personal property, other than inventory as defined in 50 IAC 4.2-5-1, with a tax situs within the state on

the assessment date which has not been placed into service must be reported for property assessment purposes.

(b) “Tangible personal property not placed in service on the assessment date” means all property which has not been depreciated and is not eligible for federal income tax depreciation under Section 167 of the Internal Revenue Code of 1986. Real property as defined by law and rules of the state board, inventory, special tools, leased property, returnable containers, and property described in subsection (d) are not included in this category.

(c) “Construction in process” means “tangible personal property not placed in service.” This does not include the inventory of a contractor that is not a part of the real or personal property under construction. A contractor’s inventory must be valued and reported as provided in 50 IAC 4.2-5-1.

(d) Special. Tangible personal property, normally assessed as inventory and held in abeyance or stored temporarily, and which possession may be transferred to another person to be attached to or become a part of an asset subject to assessment for personal property tax purposes, is taxable as inventory as provided in 50 IAC 4.2-5-1, and is not included in the definition of tangible personal property not placed in service.

(e) Valuation. The value of personal property not placed in service, including construction in process as defined in subsection (c), is the cost recorded on the taxpayer’s books and records which is attributable to such personal property including all expenses incurred in acquiring or producing the assets not yet placed in service.

(1) Acquisitions. In the event the cost as recorded on the regular books and records of the taxpayer does not reflect acquisitions and transfers since the end of the financial period immediately preceding the assessment date, such acquisitions and transfers are required to be included.

(2) Advance payments or deposits. If the cost as recorded on the regular books and records of the taxpayer reflects advance payments or deposits, and if such amounts were attributable to tangible personal property, this amount shall be allowed as a deduction from book cost.

(f) True tax value. The true tax value of “tangible personal property not placed in service” as defined in subsection (b), is ten percent (10%) of the cost of such property. (*Department of Local Government Finance; 50 IAC 4.2-6-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 857, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-6-2 Reporting of special tools

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 2. (a) “Special tools”, as defined in subsection (b), must be reported for Indiana property assessment purposes at the situs where located on the assessment date. The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on their personal property tax return pursuant to 50 IAC 2-2 [*50 IAC 2 was repealed filed Dec 13, 1989, 5:00 p.m.: 13 IR 864; errata filed Feb 19, 1990, 3:35 p.m.: 13 IR 1187.*]

(b) “Special tools” includes, but is not limited to, tools, dies, jigs, fixtures, gauges, molds, and patterns acquired or made for the production of products or product models which are of such specialized nature that their utility generally ceases with the modification or discontinuance of such products or product models. Those items of “special tools” being manufactured or built for sale or lease to another person must be valued as inventory pursuant to 50 IAC 4.2-5.

(c) Reporting special tools. Special tools are assessable whether the taxpayer elects to depreciate, amortize, treat as deferred cost, or expense at time of purchase or manufacture, and recovers cost through an increased unit price or any other method utilized in recapturing the costs. The owner is required to report special tools on Form 103-T (50 IAC 4.2-2-9), as an attachment to Form 103 (50 IAC 4.2-2-9). In addition to the requirement above, the owner is required to furnish a complete listing on Form 103-T (50 IAC 4.2-2-9) of all their special tools in the possession of another person(s) pursuant to 50 IAC 4.2-2-5. The person(s) holding, possessing, or controlling special tools, not owned, is required to furnish a complete listing on Form 103-T (50 IAC 4.2-2-9), of all not owned personal property pursuant to 50 IAC 4.2-2-5.

(d) Valuation of special tools. The total value of special tools, as defined in subsection (b), must be allocated in two (2) groups. The total value of special tools acquired between March 2 of the prior year and March 1 of the assessment year must be allocated in one (1) group, and the balance of the total value of the special tools on hand which were acquired prior to this period must be allocated into the other group. For purposes of this section, expenditures incurred by a taxpayer to refurbish existing special tools are deemed to be special tools acquired during the period in which such special tools were refurbished.

(1) Special tools owned by taxpayer. The total cost of producing or acquiring special tools regardless of the nature, whether

capitalized or expensed, must be reported on Form 103-T (50 IAC 4.2-2-9), and attached to Form 103 (50 IAC 4.2-2-9).

(2) Special tools not owned by taxpayer. The total value of special tools not owned by the taxpayer must be based on the original cost to the owner of such special tools, if available. If the original cost to the owner is not available, the value shall be based upon the best information available; however, the true tax value of the special tools not owned by the taxpayer cannot be less than the insured value of such property. Special tools not owned must be reported on Form 103-T (50 IAC 4.2-2-9), and attached to Form 103 (50 IAC 4.2-2-9).

(e) True tax value of special tools. The total true tax value of special tools is the sum of thirty percent (30%) of the total valuation of "special tools" acquired between March 2 of the prior year and March 1 of the current assessment year which are on hand on the assessment date and three percent (3%) of the total valuation of all other special tools on hand. (*Department of Local Government Finance; 50 IAC 4.2-6-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 858, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-6-3 Improvement to leased real or personal property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 3. (a) Whenever a taxpayer makes any expenditure for an improvement to real or personal property not owned by such taxpayer, such expenditure shall be assessable as personal property to the extent it is not real property as defined in 50 IAC 4.2-1-1(h).

(b) Examples of leasehold improvements which are personal property:

(1) Improvements to personal property. Leasehold improvements to personal property as defined in 50 IAC 4.2-1-1(h), are personal property. Leasehold improvements will include, but not be limited to, foundations and pilings related to the installation and use of personal property.

(2) Improvements to real property. Improvements to real property that are personal property include, but are not limited to, personal property attached to the real property to the extent such items are related to activities or processes conducted in the building if the personal property is an integral part of such activity. For example, improvements to real property would include shelving, bins, counters, and related items; non-permanent partitions; supplemental heating and air conditioning; extraordinary lighting; electrical and plumbing facilities; carpeting and draperies.

(c) Reporting. The taxpayer must report and value the property for personal property assessment purposes and in the same manner as any other depreciable personal property which they may own in accordance with provisions of 50 IAC 4.2-4. (*Department of Local Government Finance; 50 IAC 4.2-6-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 859, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-6-4 Returnable containers; reporting

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 4. (a) Returnable containers, as defined in subsection (b), must be reported for property assessment purposes at the tax situs where located on the assessment date by the taxpayer owning the returnable containers. In addition to the filing requirement above, the owner is required to furnish a complete listing, on Form 103-O (50 IAC 4.2-2-9), of all their personal property which is in possession of another person(s) pursuant to 50 IAC 4.2-2-5. The person(s) holding, possessing, or controlling returnable containers, not owned, is required to furnish a complete listing on Form 103-N (50 IAC 4.2-2-9), of all not owned personal property pursuant to 50 IAC 4.2-2-5.

(b) "Returnable containers" means those items of tangible personal property which are used to package inventory or other property while in transit which are reusable. Returnable containers include, but are not limited to, cooperage, skids, bottles, cases, and other packaging devices.

(c) Valuation. The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation pursuant to 50 IAC 4.2-2-5. The value of returnable containers is computed by extending the quantity of such property on hand by:

(1) the amount of deposit required for such item;

(2) the refund entitled thereto when such returnable containers are returned to the owner;

(3) the sales price of the returnable property; or

(4) the cost of such returnable containers in the hands of the owner since the owner is liable to assessment.

The resultant cost must then be valued pursuant to 50 IAC 4.2-4-5 through 50 IAC 4.2-4-7, in the same manner as any other depreciable personal property. (*Department of Local Government Finance; 50 IAC 4.2-6-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 859, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-6-5 Duties of assessing officials

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-4

Sec. 5. The assessor, county board of review, or the state board shall assess personal property in the name of the owner of the property in the taxing district where the property is situated as of the assessment date to the extent that the owner of said property is identified. However, if as of the filing date (May 15 with extension) the owner of the property as of the assessment date is unknown by the assessor, said property shall be assessed to the person in possession of such property. The complete reporting requirements for property not in the owner's possession are contained in 50 IAC 4.2-2-5. (*Department of Local Government Finance; 50 IAC 4.2-6-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

Rule 7. Other

50 IAC 4.2-7-1 Lists of readily ascertainable values

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 1. (a) In the case of certain types of personal property which it determines has a readily ascertainable value, the state board may determine the true tax value of such property and so designate in 50 IAC 4.2-15 or issue instructional bulletins for the unit valuations of such property to be used for personal property tax purposes.

(b) The unit valuations will be published pursuant to 50 IAC 4.2-1-5. However, in providing for the classification of personal property and included in the factors used to determine the true tax value of personal property the state tax board shall not include the value of land as a cost of producing tangible personal property subject to assessment.

(c) The types of personal property to be valued pursuant to this section will be so designated in 50 IAC 4.2-15, or an instructional bulletin. For example, the valuation pursuant to this section will include, but not necessarily be limited to, agricultural commodities, certain livestock, certain types of petroleum products, recreational vehicles, used vehicle inventory, used farm implement inventory, and any other tangible personal property which the state board determines has a readily ascertainable value. (*Department of Local Government Finance; 50 IAC 4.2-7-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-7-2 Uniform useful lives of assets; publication

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 2. The state board may prescribe and publish the useful life of assets if it determines that a uniform life should be required for all taxpayers in order to obtain equalization of assessments as provided in 50 IAC 4.2-4-5 through 50 IAC 4.2-4-6. (*Department of Local Government Finance; 50 IAC 4.2-7-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

Rule 8. Valuation of Leased Personal Property

50 IAC 4.2-8-1 “Leased personal property” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1

Sec. 1. In general, leased personal property includes those units of tangible personal property, as defined in 50 IAC 4.2-1-1(h), excluding inventory, as defined in 50 IAC 4.2-5-1, special tools, as defined in 50 IAC 4.2-6-2, and returnable containers, as defined in 50 IAC 4.2-6-4, which are leased, rented, or otherwise made available to a person other than the owner under a bailment agreement, written or unwritten, on the assessment date. Leased personal property includes, but is not limited to, business machines, postage meters, machinery, equipment, furniture, fixtures, coin-operated devices, tools, burglar alarms, signs and other advertising devices, and motor vehicles to the extent taxable as personal property which are loaned, leased, used, or otherwise held in the possession of a person other than the owner on the assessment date whether or not any fees are charged. (*Department of Local Government Finance; 50 IAC 4.2-8-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-2 “Capital and operating leases” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31

Sec. 2. (a) Types of leases. Generally, agreements which convey the right to use property for a stated period of time are termed leases and are usually classified as either capital leases or operating leases.

(b) “Capital leases” includes sales-type leases, direct financing leases, and leveraged leases. These leases must meet one (1) or more of the following conditions to be so classified and are or should be capitalized by the lessee for federal income tax purposes:

- (1) Ownership of the property is transferred to the lessee at or before the end of the lease term.
- (2) The lease permits the lessee to purchase the property or renew the lease at a price or rental which is substantially less than the estimated market value or fair rental of the leased property at the time the option to purchase or renew the lease is exercised.
- (3) The lease term is equal to seventy-five percent (75%) or more of the estimated economic life of the leased property.
- (4) The present value of the minimum lease payments equals or exceeds ninety percent (90%) of the fair market value of the leased property at the inception of the lease.

(c) “Operating leases” includes all other leases. (*Department of Local Government Finance; 50 IAC 4.2-8-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 860, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-3 Operating leases

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-2-4; IC 6-1.1-31

Sec. 3. (a) Operating leases must be reported for assessment and taxation by the owner (lessor) of the personal property on Form 103 (50 IAC 4.2-2-9), Schedule A, in the taxing district where the property was situated as of the assessment date.

(b) In addition to the filing requirement stated above, the owner is required to furnish a complete listing, on Form 103-O (50 IAC 4.2-2-9), of all their personal property which was the subject of an operating lease on the assessment date in each taxing district where the property is located showing the name and address of the person(s) in possession, model, description, location, quantities, date of installation, and value per this article reported for assessment and taxation.

(c) The person holding, possessing, or controlling (lessee) tangible personal property subject to the conditions of an operating lease shall file and attach with their return in the taxing district where such property was situated a complete listing, on Form 103-N (50 IAC 4.2-2-9), of all not owned (leased) personal property. The listing must include the name and address of the owner (lessor), model, description, location, quantities on hand, date of installation, and value (if known) per this article. (*Department of Local Government Finance; 50 IAC 4.2-8-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-4 Capital leases

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-31

Sec. 4. (a) Capital leases must be reported for assessment and taxation by the person holding, possessing, or controlling (lessee) the personal property on Form 103 (50 IAC 4.2-2-9), Schedule A, in the taxing district where the property was situated as of the assessment date. The value of the property must be computed in accordance with sections 7 through 9 of this rule, rather than 50 IAC 4.2-4.

(b) In addition to the filing requirement stated above, the lessee is required to furnish a complete listing, of all not owned personal property, on Form 103-N (50 IAC 4.2-2-9), in each taxing district where the property was situated. This listing must include the name and address of the owner (lessor), model, description, location, quantities on hand, date of installation, and value per this article.

(c) The owner of personal property which is termed capital leases above must file a complete listing, showing the name and address of the person(s) in possession, model, description, location, quantities, date of installation, and value per this article, on Form 103-O (50 IAC 4.2-2-9), in each taxing district where the property was situated as of the assessment date. (*Department of Local Government Finance; 50 IAC 4.2-8-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-5 Liability for taxes

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-31

Sec. 5. (a) The owner (lessor) of personal property covered by operating leases has the responsibility for reporting such property for assessment and taxation in the taxing district where the property was situated on the assessment date. This section does not relieve the person holding, possessing, or controlling personal property covered by operating leases of the responsibility to file a complete listing, on Form 103-N (50 IAC 4.2-2-9), of not owned personal property and the responsibility to pay such taxes if they are not paid by the owner of the property as provided in 50 IAC 4.2-2-2.

(b) The person holding, possessing, or controlling (lessee) personal property covered by capital leases has the responsibility for reporting such property for assessment and taxation in the taxing district where the property was situated on the assessment date. This section does not relieve the owner (lessor) of the responsibility to file a complete listing, on Form 103-O (50 IAC 4.2-2-9), in the taxing district where the property was situated on the assessment date of all owned personal property which was in the possession of another person nor does it relieve the owner of the tax liability if not paid by the lessee. (*Department of Local Government Finance; 50 IAC 4.2-8-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-6 Assessment of leased personal property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2-4

Sec. 6. The assessor, county board of review, or the state board shall assess leased or rented personal property in the manner described in sections 3 through 5 of this rule, in the taxing district where the property is situated as of the assessment date. (*Department of Local Government Finance; 50 IAC 4.2-8-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 861, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-7 Valuation; base year value defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 7. (a) The base year value of the leased or rented property plus freight and installation costs must be utilized in determining the value of leased or rented property subject to assessment.

(b) "Base year value" means the amount, measured in money, that a willing buyer in an arm's length transaction would pay

to acquire the item of tangible personal property subject to the lease under consideration at the time the lease or bailment was first consummated. For purposes of applying this definition to a specific factual situation, the amount stated in the agreement as the amount which the lessee would have had to pay to acquire the leased property instead of leasing the property will be deemed to be the base year value, provided that the state board does not determine that such amount is unrealistically low in relation to the other terms contained in the agreement.

(c) If an alternative acquisition cost is not shown in the lease agreement, the base year value will be the factory delivered price for the tangible personal property subject to the lease plus freight, installation costs, and a profit factor.

(d) If the factory delivered price cannot be determined, the base year value will be the present value of the lease payments at the inception of the lease computed in accordance with 50 IAC 4.2-15-14.

(e) If the present value of the lease payments cannot be determined, the following alternative factors will be used to determine the base year value:

- (1) the insurable value in the year the lease was first consummated; or
- (2) the capitalized value at eight (8) times the annual lease or rental payments.

(f) If the state board issues an instructional bulletin or administrative adjudication prescribing the base year value of certain property pursuant to 50 IAC 4.2-7-1, such prescribed value shall be the base year value of the property. (*Department of Local Government Finance; 50 IAC 4.2-8-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 862, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-8 Pools for base year values; summation by year placed in service

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 8. (a) The base year value of all leased personal property being reported in a tax return is required to be segregated for Indiana property tax purposes into four (4) separate pools. The determination of the proper classification of the pool in which leased property should be included is to be based upon the useful life of property determined in accordance with the ADR regulation guideline life published by the Internal Revenue Service in Regulation 1.167(a)-11. The pools to be utilized for Indiana property tax purposes are:

- (1) Pool No. 1: One (1) through four (4) year life.
- (2) Pool No. 2: Five (5) through eight (8) year life.
- (3) Pool No. 3: Nine (9) through twelve (12) year life.
- (4) Pool No. 4: Thirteen (13) year or longer life.

(b) Summation of base year value by pool by the year the leased personal property is placed in service. After the appropriate pool is determined for each unit of leased property, the base year values must be summarized by the year during which the leased property is placed into service. (*Department of Local Government Finance; 50 IAC 4.2-8-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 862, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-8-9 Determination of true tax value

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 9. (a) Computation. The true tax value of leased personal property for Indiana property tax purposes is computed by multiplying the base year values of leased personal property in the respective pool by the percentage factor obtained in subsection (b). The percentage factor in the table automatically reflects all adjustments, except for abnormal obsolescence, as provided in section 10 of this rule.

(b) Table to compute true tax value of leased personal property. The following table provides for each of the four (4) pools, the percentage factors of which, when applied to base year value, compute true tax value. The sum of the true tax values in each of the four (4) pools is the true tax value of the leased personal property at the tax situs in question.

TABLE TO DETERMINE TRUE TAX VALUE FOR
LEASED PERSONAL PROPERTY BY PERCENTAGE
OF BASE YEAR VALUE

Year Leased Property is Placed In Service	Pool #1 (1-4 yrs)	Pool #2 (5-8 yrs)	Pool #3 (9-12 yrs)	Pool #4 (13 yrs and longer)
1	65%	40%	40%	40%
2	50%	56%	60%	60%
3	35%	42%	55%	63%
4	20%	32%	45%	54%
5		24%	37%	46%
6		18%	30%	40%
7		15%	25%	34%
8			20%	29%
9			16%	25%
10			12%	21%
11			10%	15%
12				10%
13				5%

(c) Limitation of the total valuation of a taxpayer's depreciable personal property.

(1) General limitation. Notwithstanding the foregoing provisions of this rule, the total valuation of a taxpayer's assessable depreciable personal property in a single taxing district cannot be less than thirty percent (30%) of the adjusted cost of all such property of the taxpayer.

(2) Exception. This limitation shall be applied prior to any special adjustment for abnormal obsolescence as provided in section 10 of this rule. This limitation does not apply to equipment not placed in service, special tooling, and permanently retired equipment.

(Department of Local Government Finance; 50 IAC 4.2-8-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 862, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-8-10 Abnormal obsolescence adjustment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 10. (a) The tentative true tax value computed in section 9 of this rule should be adjusted for abnormal obsolescence to the extent that the property meets the qualifications as set forth in 50 IAC 4.2-9-3.

(b) Adjustment. For the purposes of this section, abnormal obsolescence will be determined in accordance with the provisions of 50 IAC 4.2-9-3. Providing a taxpayer has abnormal obsolescence, as defined in 50 IAC 4.2-9-3, they may claim an adjustment for abnormal obsolescence for leased personal property at the tax situs in question subject to the requirements, conditions, and provisions of 50 IAC 4.2-9-3. In no event shall any adjustment for abnormal obsolescence exceed the true tax value of the specific unit or units of property involved.

(c) Limitation. No adjustment will be allowed for normal obsolescence, as defined in 50 IAC 4.2-9-2. The table contained in section 9 of this rule automatically reflects this type of obsolescence. *(Department of Local Government Finance; 50 IAC 4.2-8-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

Rule 9. Obsolescence

50 IAC 4.2-9-1 "Obsolescence" defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 1. "Obsolescence" means the reduction in value of business personal property that occurs through use, technological improvements, passage of time, changes in market values, and physical deterioration or destruction. *(Department of Local*

Government Finance; 50 IAC 4.2-9-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-9-2 “Normal obsolescence” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 2. “Normal obsolescence” means the anticipated or expected reduction in the value of business personal property that can be foreseen by a reasonable, prudent businessman when property is acquired and placed into service. In general, it includes the expected, declining value through use, gradual decline in value because of expected technological improvements, the gradual deterioration or obsolescence through the mere passage of time, and the general assumption that such property will have a minimum value at the end of its useful life. (*Department of Local Government Finance; 50 IAC 4.2-9-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-9-3 “Abnormal obsolescence” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 3. (a) “Abnormal obsolescence” means as *[sic.]* that obsolescence which occurs as a result of factors over which the taxpayer has no control and is unanticipated, unexpected, and cannot reasonably be foreseen by a prudent businessman prior to the occurrence. It is of a nonrecurring nature and includes unforeseen changes in market values, exceptional technological obsolescence, or destruction by catastrophe that has a direct effect upon the value of the personal property of the taxpayer at the tax situs in question on a going concern basis.

(b) Example of unforeseen change in market value: A government ban on the sale of a drug or chemical due to a new discovery or determination may cause that item or the production equipment used to produce it to be abnormally obsolete. A specific example of this would be cyclamate. In this case the equipment used to produce it may be eligible for abnormal obsolescence, while the inventory (cyclamate) should be valued at the lower of cost or market as provided in 50 IAC 4.2-5-3 through 50 IAC 4.2-5-8.

(c) Example of exceptional technological obsolescence: Abnormal obsolescence due to exceptional technological obsolescence should be recognized to the extent that it causes the subject property to be incapable of use for current production or adaption to a different use. The invention of a newer, more productive piece of equipment which would produce a better quality item or utilization of state of the art technology that produces more efficiently at a lower cost of production does not cause an older, currently used asset to be considered abnormally obsolete. If the asset is still capable of performing the function for which it was acquired, and is producing both on and before the assessment date, no adjustment shall be allowed. The use of historical cost, short useful life, and accelerated depreciation in developing the prescribed true tax value percentages result in an equitable assessment on the property in question.

(d) Example of destruction by catastrophe: Abnormal obsolescence due to catastrophe should be recognized to the extent that it has a direct effect on the value of a particular item. Property which has been destroyed or damaged by catastrophe as of the assessment date would qualify for such an adjustment. A chemical or production process which, due to an irreparable malfunction, emits a toxic gas or deadly chemical into the outside atmosphere, would qualify for such an adjustment to the extent the property is incapable of use.

(e) Example of abnormal obsolescence due to government action: A government order to shut down certain production equipment due to improper emission levels may result in abnormal obsolescence if the cost to cure the delinquent equipment results in incurable obsolescence, i.e., the cost-to-cure exceeds the contribution or increase in value of the impaired item or the impairment cannot be corrected. (*Department of Local Government Finance; 50 IAC 4.2-9-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 863, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-9-4 Allowance of obsolescence claim

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 4. (a) Abnormal obsolescence should be recognized to the extent that the property qualifies for the adjustment and the taxpayer is able to substantiate the facts, circumstances, and amount of the claim in order to properly determine the true tax value of the subject property.

(b) A taxpayer wishing to claim an adjustment for abnormal obsolescence must provide documentation of the resulting valuation of the personal property at the tax situs in question on the assessment date on a going concern basis.

(c) The adjustment for abnormal obsolescence must be computed in accordance with this rule, and 50 IAC 4.2-4-8, 50 IAC 4.2-5-14, 50 IAC 4.2-8-10, or 50 IAC 4.2-10-4. (*Department of Local Government Finance; 50 IAC 4.2-9-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-9-5 Full disclosure

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 5. When the reporting requirements for an adjustment for abnormal obsolescence have been met (a full disclosure), but for some reason the adjustment is not allowed or the value is changed, the amount disallowed is considered to be an interpretive difference and is not subject to the undervalued personal property tax penalty as set forth in 50 IAC 4.2-2-10(d). (*Department of Local Government Finance; 50 IAC 4.2-9-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-9-6 Adjustment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 6. No adjustment will be allowable for normal obsolescence. The methods of valuation of business tangible personal property automatically reflect this type of obsolescence by providing a thirty-five percent (35%) valuation adjustment on inventory and the use of historic cost, short depreciable life, and accelerated depreciation on depreciable assets. An adjustment for abnormal obsolescence will be allowed provided a taxpayer can substantiate abnormal obsolescence. The provisions of this part of the regulation and the specific portions of this regulation applicable to the class of property involved must be followed and the books and records of the taxpayer must not have reflected the abnormal obsolescence on the assessment date. (*Department of Local Government Finance; 50 IAC 4.2-9-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-9-7 Administrative adjudication on adjustment for abnormal obsolescence

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31-7

Sec. 7. (a) The taxpayer may, prior to the filing of the property tax return for the year in question, petition the state board pursuant to 50 IAC 4.2-1-6, for an administrative adjudication determination regarding an abnormal obsolescence adjustment. If this determination is granted, it will be effective only for the tax year in question and will not be effective for subsequent assessments.

(b) Reporting on return. If an administrative adjudication determination is obtained, a copy of the determination is required to be attached to the tax return claiming the adjustment. If the taxpayer has not requested an administrative adjudication determination, they may, providing their circumstances meet the requirements contained herein, request an adjustment on the form prescribed by the state board when filing the tax return for the year in question. The adjustment(s), if requested, must:

- (1) identify specifically all property for which an adjustment is requested;
- (2) indicate the original cost of the property;
- (3) indicate the true tax value of the property if no adjustment would be allowed; and
- (4) indicate the true tax value of the property as a result of the requested adjustment.

(*Department of Local Government Finance; 50 IAC 4.2-9-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 864, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

Rule 10. Interstate Carriers

50 IAC 4.2-10-1 Valuation of carriers' property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11

Sec. 1. In general, commercial airlines and interstate motor truck carriers, as herein defined, are required to compute the true tax value of aircraft and transportation equipment required to be reported for the Indiana personal property assessment purposes in accordance with the provisions of 50 IAC 4.2-4. However, if such property is leased, the tentative true tax value is required to be computed in accordance with 50 IAC 4.2-8. The tentative true tax value thus computed is then subject to allocation as provided herein. (*Department of Local Government Finance; 50 IAC 4.2-10-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 865, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-10-2 Commercial airlines; allocation and tax value of aircraft

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31; IC 6-6-6.5

Sec. 2. (a) In general, commercial airlines are required to value the aircraft required to be reported for Indiana property tax purposes pursuant to section 1 of this rule.

(b) "Commercial airlines" means an airline with regularly scheduled flights and routes authorized and approved by the federal aeronautics administration.

(c) Aircraft property required to be reported. In general, commercial airlines are required to report the total value of the fleet of aircraft operating in this state. For this purpose the commercial airline is required to report the value of all aircraft which it owns or operates of the type of aircraft operating in the taxing district. For example, if the airline owns or operates twenty (20) aircraft of type "x", ten (10) aircraft of type "y", and five (5) aircraft of type "z" and only type "x" aircraft are operated in the taxing district, the commercial airline is required to determine the tentative true tax value of all type "x" aircraft in its fleet of aircraft as provided in section 1 of this rule, and report the value of all type "x" aircraft on its personal property tax return.

(d) Allocation. The value of the aircraft required to be reported for Indiana property tax purposes is subject to allocation. This allocation must be made for each type of aircraft operated. The allocation factor for each type of aircraft is computed by dividing the total ground time of each type of aircraft for the preceding twelve (12) months in the taxing district by the total ground time of each type of aircraft operated in the system. In the example provided in subsection (c) the type "x" aircraft would be subject to allocation. The allocation is determined by computing a percentage obtained by dividing the total ground time for the preceding twelve (12) months of all type "x" aircraft in the taxing district by the total ground time for the preceding twelve (12) months of all type "x" aircraft in the fleet.

(e) True tax value. The true tax value of the aircraft is determined by multiplying the percentages as computed in subsection (d) times the tentative true tax value of the aircraft computed in accordance with section 1 of this rule. For example, assume that the type "x" aircraft provided in the example in subsection (c) had a tentative true tax value of twenty million dollars (\$20,000,000). Furthermore, assume that the percentage determined in subsection (d) was five percent (5%). The true tax value of the aircraft for Indiana property tax purposes would be one million dollars (\$1,000,000).

EXAMPLE

ABC Airline (a commercial airline) owns or operates twenty type "X" aircraft, ten (10) type "Y", and five (5) type "Z". Only type "X" aircraft are operated in the taxing district for which the return is prepared. ABC is required to report the true tax value of the twenty (20) type "X" aircraft.

The total ground time in the taxing district during the twelve (12) months preceding the assessment date for all of ABC's type "X" aircraft was thirty-six thousand (36,000) minutes. The total ground time during the same period for all type "X" aircraft in ABC's fleet was seven hundred and twenty thousand (720,000) minutes. The allocation factor is five percent (5%) (36,000/720,000).

The tentative true tax value per section 1 of this rule, of the twenty (20) type "X" aircraft operated by ABC is twenty million dollars (\$20,000,000).

The true tax value to be reported by ABC in this taxing district of the twenty (20) type "X" aircraft is one million dollars

(\$1,000,000) (\$20,000,000 × 5%).

(Department of Local Government Finance; 50 IAC 4.2-10-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 865, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-10-3 Reporting by interstate motor truck carriers; allocation factor; true tax value

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-31

Sec. 3. (a) In general, the fleet of trucks, trailers, or other related vehicular equipment which is subject to assessment under this section is the interstate fleet that a taxpayer owns, holds, possesses, or controls and that are *[sic.]* used and operated in interstate commerce.

(b) Personal property required to be reported under this rule. The fleet of trucks, trailers, or other related vehicular equipment used or operated in interstate commerce and subject to assessment by this rule is required to be valued pursuant to section 1 of this rule, and reported on the property tax return, Form 103 (50 IAC 4.2-2-9), filed by the taxpayer. Any depreciable property not used in interstate commerce must be valued pursuant to other parts of this article.

(c) The owner of any business personal property subject to assessment and taxation under this section on the assessment date has the responsibility for reporting such property for assessment and taxation on their business personal property tax return, Form 103 (50 IAC 4.2-2-9), in the taxing district where the property had a tax situs on the assessment date. The owner of business personal property who transfers possession to another person, shall also furnish a complete informational listing on Form 103-O (50 IAC 4.2-2-9), pursuant to 50 IAC 4.2-2-4. Form 103-O (50 IAC 4.2-2-9), must show the name and address of the person in possession, model, description, location, quantities, and value of such property, and shall be attached to the business personal property return, Form 103 (50 IAC 4.2-2-9).

(d) Any interstate carrier holding, possessing, or controlling trucks, trailers, or other related vehicular equipment, subject to assessment and taxation under this section on the assessment date, is required to furnish an informational listing on Form 103-N (50 IAC 4.2-2-9), of all not owned property pursuant to 50 IAC 4.2-2-4. Form 103-N (50 IAC 4.2-2-9), must be filed in the taxing district where the property had a tax situs, and must show the names and addresses of the lessors and a description of the property.

(e) Persons who own trucks, trailers, or other related vehicular equipment, which are used for the purpose of leasing to interstate motor truck carriers, may value the equipment pursuant to section 1 of this rule, provided the equipment is actually used and operated in interstate commerce. If the equipment is not used and operated in interstate commerce, it must be valued pursuant to other parts of this article.

(f) Allocation factor. The allocation factor to determine the portion of the fleet assessable for Indiana property tax purposes is to be determined by dividing the total Indiana miles of the fleet required to be reported in subsection (b), by the total miles of such fleet traveled throughout the entire system.

(g) As an alternative to maintaining a mileage log of all trips, individual lessors, who qualify under subsection (e), and who do not maintain adequate records to compute their allocation factor, may use the same allocation factor as their lessee provided that the lessor's property is predominantly leased to that lessee. The lessor must meet the predominate use requirement in order to use the lessee's allocation factor. If the lessor does not meet the predominate use requirement, the lessor must use the actual allocation factor as determined in subsection (f).

As used in this section, "predominate use" means:

(1) during the course of the year, more than fifty percent (50%) of the total mileage logged by the lessor is under lease to that lessee; or

(2) during the course of the year, the leased property is leased to that lessee for more than one-half (½) the number of days in that year.

(h) True tax value. The true tax value of the fleet of trucks, trailers, or other related vehicular equipment subject to assessment under this section is determined by multiplying the tentative true tax value as determined in section 1 of this rule, by the allocation factor determined in subsections (f) through (g). *(Department of Local Government Finance; 50 IAC 4.2-10-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 866, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-10-4 Abnormal obsolescence adjustment for commercial airlines and interstate motor truck carriers

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-31-7

Sec. 4. (a) Commercial airlines and interstate motor truck carriers may claim an adjustment for abnormal obsolescence, as defined in 50 IAC 4.2-9-3, on the tangible personal property reported pursuant to this section, provided that the taxpayer follows the procedures and meets the requirements regarding an adjustment for abnormal obsolescence contained in 50 IAC 4.2-9.

(b) Limitation. No adjustment will be allowed for normal obsolescence as defined in 50 IAC 4.2-9. The determination of the tentative true tax value pursuant to 50 IAC 4.2-4, automatically makes an allowance for this type of obsolescence.

(c) Eligibility. The term abnormal obsolescence will be strictly construed and limited to a situation where unforeseen changes in market values, exceptional technological obsolescence where destruction by a catastrophe occurs providing that such events have a direct effect upon the valuation of the property at the tax situs in the state of Indiana.

(d) Adjustment. The dollar amount of the adjustment in no event can exceed the allocatable portion of the true tax value of the particular unit of property as determined pursuant to this section for which the carrier claims an adjustment. *(Department of Local Government Finance; 50 IAC 4.2-10-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 867, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-10-5 Scope of rule

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-31

Sec. 5. Limitation on application of this rule. This section is applicable only to the aircraft of the commercial airline and the transportation equipment of interstate motor truck carriers used and operated in interstate commerce and is not applicable to the other classes of business personal property which the taxpayer may own, possess, or control at the tax situs in question. The other classification of business personal property must be reported and valued pursuant to the other provisions of this article. *(Department of Local Government Finance; 50 IAC 4.2-10-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 867, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

Rule 11. Deductions and Exemptions for Tangible Personal Property Other than Inventory

50 IAC 4.2-11-1 Frequency of filing claims

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1

Sec. 1. (a) It is important to note the distinction between the methods of obtaining the exemption or deduction of property for assessment and taxation purposes in Indiana. This is intended to provide a quick “at a glance” reference reflecting the frequency of filing deduction and exemption claims. The specific eligibility and filing requirements for the many deductions and exemption provisions in existence are described in the “Manual of Instructions for County Auditors of Indiana”. Depreciable real property, such as buildings and land improvements, are [*sic.*] subject to assessment per the provisions of 50 IAC 2.1 [*50 IAC 2.1 was repealed filed Sep 14, 1992, 12:00 p.m.: 16 IR 662, eff Mar 1, 1995; errata filed Dec 1, 1992, 5:00 p.m.: 16 IR 1178. See 50 IAC 2.2.*], Real Property Appraisal Manual, (Regulation #17).

(b) At a glance summary.

	BUSINESS PERSONAL PROPERTY	REAL ESTATE
Method I	Application Not Required and No Assessment Shall Be Made	Application Not Required and No Assessment Shall Be Made
	not subject to assessment	not subject to assessment
Method II	Annual Filing and Exemption Claim Required	

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	annual filing required	annual filing required (resource recovery system)
Method III	Initial Application for Exemption or Deduction Filed with County Auditor	four (4) year renewal required (exemptions Form 136) or automatic renewal (deductions)

(Department of Local Government Finance; 50 IAC 4.2-11-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 867, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-11-2 Exemptions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-31

Sec. 2. (a) Not subject to assessment. An individual meeting the qualifying as exempt from taxation under IC 6-1.1-10-1, IC 6-1.1-10-2, IC 6-1.1-10-3, IC 6-1.1-10-4, IC 6-1.1-10-5, IC 6-1.1-10-5.5, IC 6-1.1-10-6, or IC 6-1.1-10-19, is not required to file an application for exemption and no assessment shall be made.

(b) Four (4) year renewal. An exemption application (Form 136) (50 IAC 4.2-2-9), is required to be filed with the county auditor and the state board between March 1 and May 10. An application must be filed in 1988 and every fourth year thereafter. However, an application must be filed in any other year if the property was not exempted in the immediately preceding year. An application should also be filed in any year in which an appeal to the state board or to a court of an exemption determination on the property is pending from any preceding year. This applies to property of not-for-profit corporations.

(c) Annual renewal. An exemption claim must be filed annually with the county auditor in order to obtain the credit. This generally applies to business personal property, and is addressed in more detail in 50 IAC 4.2-11-4(2). *(Department of Local Government Finance; 50 IAC 4.2-11-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 867, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-11-3 Deductions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 3. (a) Automatic renewal. Initial filing is required between March 1 and May 10 with automatic renewal if eligible. This generally applies to real estate deductions for individuals rather than businesses.

(1) An individual who receives a deduction provided under IC 6-1.1-12-1, IC 6-1.1-12-9, IC 6-1.1-12-11, IC 6-1.1-12-13, IC 6-1.1-12-14, IC 6-1.1-12-16, or IC 6-1.1-12-17.4 in a particular year need not file a statement to apply in the following years.

(2) An individual who receives a deduction provided under IC 6-1.1-12-26, IC 6-1.1-12-29, IC 6-1.1-12-33, or IC 6-1.1-12-34, for a particular year need not file a statement to apply in the following years unless it is a general reassessment year. Otherwise, the deduction would be applied annually until the person notifies the auditor of ineligibility or such time as the auditor may determine that the person is no longer eligible.

(b) Annual filing. An annual deduction application is required to be filed with the county auditor and the state board between March 1 and May 15 of the assessment year. This generally applies to deductions for business personal property. *(Department of Local Government Finance; 50 IAC 4.2-11-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 868, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-11-4 Methods of claiming exemption or deduction

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 4. Business personal property may be exempted or deducted in one (1) of two (2) ways:

(1) METHOD I: Application not required and no assessment shall be made. (Applies to both real and personal property.) Public properties shall not be required to be reported for assessment if the property is owned and used by the United States, the state of Indiana, an agency of the state, or a political subdivision of the state. The following sections do not require an application for exemption:

- IC 6-1.1-10-1 United States Property
- IC 6-1.1-10-2 State Property
- IC 6-1.1-10-3 Bridges and Tangible Appurtenant Property
- IC 6-1.1-10-4 Political Subdivision Property
- IC 6-1.1-10-5 Municipal Property
- IC 6-1.1-10-5.5 Urban Homesteading Property
- IC 6-1.1-10-6 Municipally Owned Water Company Property
- IC 6-1.1-10-19 Public Library

(2) METHOD II: (A) Annual filing and exemption claim required on assessment return. All other personal property shall be reported in the usual manner on the appropriate assessment form whether or not it is later to be deducted or exempted from taxation. Certain inventories under 50 IAC 4.2-12, and Stationary or Unlicensed Mobile Air Pollution Control Systems and Industrial Waste Control facilities under section 5 of this rule, have specific exemption procedures provided by statute which distinguishes their procedures from the two (2) methods described herein. Claims for exemption on certain inventories considered to be in interstate commerce or in a foreign trade zone and air pollution or industrial waste control facilities must be reported and claimed exempt on the lines provided on a timely filed business tangible personal property return in the taxing district where the property was located as of the assessment date.

(B) Annual filing with county auditor required. (i) For each year that an exemption or deduction from the assessed value of tangible property is allowed, the assessed value remaining after the exemption or deduction is the basis for taxation of the property. The owner of tangible personal property (other than property specifically mentioned in the preceding subdivision) who wishes to obtain an exemption, deduction, or credit from personal property taxation shall report the property and annually file a certified application in duplicate with the auditor of the county in which the property is located. The exemption or deduction application which is required shall contain the following information:

- (AA) A description of the property claimed to be subject to exemption or deduction in sufficient detail to afford identification.
- (BB) A statement showing the ownership, possession, and the use of the property.
- (CC) The grounds for claiming the exemption or deduction.
- (DD) The full name and address of the applicant.
- (EE) Any additional information which the state board may require by its prescribed form.

(ii) The application for exemption or deduction must be filed annually on or before May 15 on forms prescribed by the state board. The application applies only for the taxes imposed for the year for which the application is filed. Generally, applications for deductions from business personal property assessments must be filed annually between March 1 and May 15 of each assessment year. Therefore, a person that timely files a personal property return under IC 6-1.1-3-7(a) for an assessment year and who claims:

- (AA) a deduction for new manufacturing equipment provided by IC 6-1.1-12-4.5 [*sic.*, IC 6-1.1-12.1-4.5] (Form 322 ERA/PP) (50 IAC 4.2-2-9); or
- (BB) a credit for inventory in an enterprise zone provided by IC 6-1.1-20.8 (Form EZ-1) (50 IAC 4.2-2-9) or an industrial recovery site provided by IC 6-1.1-20-7 (Form IR-1) (50 IAC 4.2-2-9); or
- (CC) a deduction for personal property used in a resource recovery system provided by IC 6-1.1-12-28.5 (Form RRS-1) (50 IAC 4.2-2-9); or
- (DD) a deduction for personal property located in a maritime opportunity district provided by IC 6-1.1-40 (Form MOD-1) (50 IAC 4.2-2-9);

must file the application between March 1 and May 15 of that year in order to obtain the deduction or credit. A person that obtains a filing extension under IC 6-1.1-3-7(c) for an assessment year must file the application between March 1 and June 14 of that year in order to obtain the deduction or credit.

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(iii) Property subject to exemption or deduction under Method II includes, but is not limited to, personal property owned and used for:

- (AA) educational;)
- (BB) literary;)
- (CC) scientific;)
- (DD) religious;)
- (EE) charitable purposes;)
- (FF) interstate commerce or)
foreign trade zone)
inventories;)
- (GG) industrial waste control)
facility;)
- (HH) stationary or) MAY 15
unlicensed mobile air) PLUS
pollution control system;) EXTENSION
- (II) resource recovery)
system;)
- (JJ) new manufacturing)
equipment in an)
approved economic)
revitalization area;)
- (KK) enterprise zone)
inventory credit or)
industrial recovery site)
inventory credit; and)
- (LL) inventory and new)
manufacturing equipment)
in an approved)
maritime opportunity)
district.)

(Department of Local Government Finance; 50 IAC 4.2-11-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 868, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-11-5 Stationary or unlicensed mobile air pollution control system

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1; IC 36-5-1

Sec. 5. Stationary or unlicensed mobile air pollution control system. (a) Any tangible personal property which is a stationary or unlicensed mobile air pollution control system of a privately-owned manufacturing, fabricating, assembling, extracting, mining, processing, generating, refining, or other industrial facility; and is employed predominantly in the operation of an air pollution control system designed and used for the improvement of public health and welfare by the prevention or elimination of air contamination caused by industrial waste or contaminants; and is acquired for the purpose of complying with state, local, or federal environmental quality statutes, regulations, or standards, may be exempt from taxation subject to the limitations contained herein provided no stationary treatment or elimination facility is made available by public authorities and the stationary or unlicensed mobile air pollution control system is not primarily used in the production of property for sale. Generally, equipment such as paint spray booths or dust collectors would not qualify for exemption under this section since they are primarily used to remove

particulates, dust, or fumes from the work area and/or in the production of property for sale. Dust collecting bag houses or stack scrubbers which are primarily designed and used to prevent or eliminate pollutant contamination of the air outside of or away from the production plant generally would qualify for exemption since such systems primarily benefit the general public. The specific facts and circumstances of each taxpayer's equipment and operations must be considered in determining whether each item of property qualifies under this section.

(b) Reporting on return. The exemption must be claimed by the owner thereof on the annual personal property tax return filed for the taxing district in which such property is located. This claim is required to be made on Form 103-P prescribed by the state board pursuant to 50 IAC 4.2-2-9.

(c) Amount of exemption. The dollar amount of the exemption claimed is specifically limited to the cost of the depreciable personal property that is attributable to the stationary industrial air purification system.

(d) Allowance by assessor. The township assessor shall review the exemption claimed and shall at their discretion allow in whole or in part the amount attributable to the tangible personal property based upon the provisions of this article. (*Department of Local Government Finance; 50 IAC 4.2-11-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 869, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-11-6 Industrial waste control facility

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 6. (a) Any tangible personal property that is an industrial waste control facility may qualify as exempt from personal property taxation subject to this subsection.

(b) "Industrial waste control facility" means the tangible personal property included either as part of or an adjunct to a privately-owned manufacturing or industrial plant or coal mining operation and used predominantly for the purpose of accomplishing the objectives of the department of environmental management to prevent, control, reduce, or eliminate pollution of streams and public bodies of water within or adjoining the state of Indiana by treating, pretreating, stabilizing, isolating, collecting, holding, controlling, and/or disposing of waste and contaminants generated by such plant or meet state or federal reclamation standards for a coal mining operation. Any tangible personal property not used in the production of property for sale but constituting an industrial waste control facility as herein defined shall be exempt from ad valorem property taxation by the state of Indiana and any political subdivision thereof.

(c) Amount of exemption. The dollar amount of the exemption claimed is limited to the cost of the depreciable personal property that is attributable to the industrial waste control facility.

(d) Claim for exemption. The owner of the industrial waste control facility shall file a claim for exemption thereof with the owner's annual personal property tax return filed in the taxing district where such property has a tax situs on Form 103-P provided under 50 IAC 4.2-2-9. Such claim must describe the property claimed to be exempt.

(1) The owner shall, by certified or registered mail, forward a copy of the exemption claim to the department of environmental management. The department shall acknowledge receipt of the claim.

(2) Within one hundred twenty (120) days after mailing of the copy of the claim the department of environmental management is required by statute to certify to the assessor its determination as to whether or not the property claimed as exempt is being currently utilized as a qualified industrial waste control facility.

(3) The township assessor shall allow or deny the claim for exemption as determined by the department of environmental management or if the department fails to act within one hundred twenty (120) days, allow the claim, if the owner provides the assessor with proof that a copy of the claim has been mailed to the department of environmental management insofar as such claim related to tangible personal property and determine the proper value of the industrial waste control facilities, pursuant to this article.

(e) Sewage treatment plants. The attorney general, O.A.G. NO. 39, 1969 has taken the position that sewage treatment plants built by and within the premises of a privately-owned manufacturing or industrial plant qualify as an industrial waste control facility, providing the taxpayer follows the procedure for claiming an exemption. The department of environmental management was created under IC 13-7-2 [*IC 13-7 was repealed by P.L.1-1996, SECTION 99, effective July 1, 1996.*] and effective July 1, 1986, includes the water (stream) pollution control division and solid waste management division.

As of July 14, 1988, the address for the department of environmental management is:

105 S. Meridian Street P.O. Box 6015 Indianapolis, IN 46206

(Department of Local Government Finance; 50 IAC 4.2-11-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 870, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-11-7 Resource recovery system deduction

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-15

Sec. 7. (a) It is important to reemphasize that in any case in which business personal property is entitled to a deduction provision it must be reported as assessable along with all other assessable personal property, on the assessment return form filed with the appropriate township assessor. The adjustment for the deduction from assessed valuation is initiated at the time the taxpayer files the appropriate application for deduction with the county auditor of the county in which the property is located. After the township assessor submits their list of business personal property subject to assessment and taxation to the county auditor from the assessment return forms filed with them, the county auditor effectuates the deduction claim based upon the taxpayer's application as filed with them prior to computing the business personal property tax bill. The personal property established below, may have an application for deduction claim filed with the county auditor in accordance with section 4(2) of this rule (Method II).

(b) Resource recovery system. The owner of a resource recovery system which processes solid waste or hazardous waste is entitled to have deducted annually from the assessed value of the system an amount equal to ninety-five percent (95%) of that assessed value. However, the owner of a resource recovery system that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this subsection for a particular assessment year if during that assessment year the owner:

(1) is convicted of any violation under IC 13-7-13-3 [*IC 13-7 was repealed by P.L.1-1996, SECTION 99, effective July 1, 1996.*] or IC 13-7-13-4 [*IC 13-7 was repealed by P.L.1-1996, SECTION 99, effective July 1, 1996.*]; or

(2) is subject to an order or consent decree based upon a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(c) "Hazardous waste" has the meaning set forth in IC 13-7-1-12 [*IC 13-7 was repealed by P.L.1-1996, SECTION 99, effective July 1, 1996.*], and includes a waste determined to be a hazardous waste under IC 13-7-8.5-3(b) [*IC 13-7 was repealed by P.L.1-1996, SECTION 99, effective July 1, 1996.*].

(d) "Resource recovery system" means tangible property directly used to dispose of solid waste or hazardous waste by converting it into energy or other useful products.

(e) "Solid waste" has the meaning set forth in IC 13-7-1-22 [*IC 13-7 was repealed by P.L.1-1996, SECTION 99, effective July 1, 1996.*], but does not include dead animals or any animal solid or semi-solid wastes.

(f) Claim for deduction. The owner of a resource recovery system who desires to claim the deduction pursuant to this subsection, must file a certified statement in duplicate, on forms prescribed by the state board and proof of certification by the department of environmental management, with the auditor of the county in which the recovery system is subject to assessment. The statement must be filed between March 1 and May 15, inclusive, of each year for which the deduction is claimed.

As of July 14, 1988, the address for the department of environmental management is:

105 S. Meridian Street P.O. Box 6015 Indianapolis, IN 46206

(g) The department of environmental management, upon application by a property owner, shall determine whether a system or device qualifies for a deduction. If the department determines that a system or device qualifies for a deduction, it shall certify the system or device and provide proof of the certification to the property owner. The department shall prescribe the form and manner of the certification process required.

(h) A denial of a deduction may be appealed as provided in IC 6-1.1-15. The appeal is limited to a review of the determination by the township assessor, county board of review, or state board. *(Department of Local Government Finance; 50 IAC 4.2-11-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 871, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-11-8 Other property not subject to assessment per this article

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-4

Sec. 8. (a) Depreciable real property. The cost per books of the depreciable tangible property that constitutes real property

under Indiana law or under the regulations issued by the state board is exempt from personal property taxation. A real and personal property guide is established in 50 IAC 4.2-4-10. Beginning with the date when the March 1, 1989 reassessment becomes effective, the following property will be treated as tangible business personal property:

- (1) All ash handling systems, pit, and framing related to the system.
- (2) Coal handling systems.
- (3) Prefab walk-in type cold storage rooms.
- (4) Conveyor housings.
- (5) Crane runways including supporting columns or structure and foundation inside or outside of buildings.
- (6) Ore bridge foundations.
- (7) Spray pond piping and equipment.

The following property will be treated as real property:

- (1) Package air conditioning units, through the wall commercial type.
- (2) Grain bins for storage.
- (3) Above ground swimming pools.
- (4) Portable confinement sheds or buildings.

These treatments are changes from the previous reassessment.

(b) "Depreciable real property" is herein defined as follows:

(1) All buildings including, but not limited to, special purpose buildings such as greenhouses, kilns (not including the heating or drying system), scale houses, storage silos (not used in the manufacturing process), storage facilities of a permanent construction of masonry, wood, steel, fiber glass, or similar materials, storage vaults (including bank vaults), water pumping stations (excluding water pumps and motors), water treating and softening plant buildings (excluding the water treating and softening equipment), and cold storage buildings (excluding the refrigeration and storage equipment) are depreciable real property. Buildings shall include the following:

(A) Structural or other improvements, the foundation, walls, floors, roofs, insulation, stairways, partitions, loading and unloading platforms, canopies, areaways, and building elevators and escalators (except carpeting which is installed over a finished floor).

(B) Central systems for heating, air conditioning, ventilation, sanitation, fixed fire protection, lighting, plumbing, and drinking water to the extent that such systems are not integrated parts of the manufacturing process. In determining whether the central systems are includable as real property, the following standards should be applied:

- (i) Such systems shall not include the portion attributable to activities or processes conducted in the building if such systems are an integral part thereof.
- (ii) A portion of the central system that was installed to specifically accommodate the manufacturing process or activity conducted in the facility is not depreciable real property.
- (iii) When any central system has a dual purpose or when a portion thereof is not depreciable real property, an allocation shall be made based upon each taxpayer's facts and circumstances.

(C) Foundations for buildings shall not include foundations which support machinery and equipment, including the pilings installed to support such machinery and equipment foundations. When the foundations for buildings are utilized in a dual capacity to support depreciable personal property, the cost thereof must be reasonably allocated.

(2) "Land improvements" shall include, but not be limited to, retaining walls, piling and mats for general improvements of site, private roads, walks, paved areas, culverts, bridges, viaducts, subways and tunnels, fencing, reservoirs, dikes, dams, ditches, canals, drainages, storm and sanitary sewers, water lines for drinking, sanitary and fire protection, fixed river, lakes, or tidewater wharves and docks, permanent standard gauge railroad trackage, bridges and trestles, walls forming storage yards, and fire protection dikes. However, the "land improvements" shall not include items which are related to buildings or machinery and equipment, which are items subject to the conditions and allocations set forth in subdivision (1).

(Department of Local Government Finance; 50 IAC 4.2-11-8; filed Dec 7, 1988, 9:35 a.m.; 12 IR 871, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-11-9 Applicability

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10

Sec. 9. The dollar value of the exemptions as determined under 50 IAC 4.2-4-4 will be allowed as an exemption. Nothing contained in section 8 of this rule may be construed to exempt property for assessment purposes that is not exempt under section 5, 6, or 7 of this rule. (*Department of Local Government Finance; 50 IAC 4.2-11-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 872, eff Mar 1, 1989; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-11-10 Waiver of exemption

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-11

Sec. 10. Waiver of exemption. An exemption is a privilege which may be waived by a person who owns tangible property that would qualify for the exemption. If the owner does not comply with statutory procedures for obtaining an exemption, they waive the exemption. If the exemption is waived, the property is subject to taxation. (The complete text of the statute is contained in IC 6-1.1-11-1.) (*Department of Local Government Finance; 50 IAC 4.2-11-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 873, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

Rule 12. Deductions, Exemptions, and Credits for Inventory

50 IAC 4.2-12-1 General provisions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 1. (a) The property must be reported and claimed exempt annually on the business tangible personal property return in a timely manner. There are four (4) sections within the statutes and this article that contain the eligibility requirements for the exemption of goods considered to be in interstate commerce. In addition, there are four (4) other provisions which provide for exemption if the inventory is located in:

- (1) a foreign trade zone;
- (2) an enterprise zone;
- (3) an industrial recovery site; or
- (4) a maritime opportunity district.

(b) A person who is required to file a personal property return, has personal property in a warehouse or a foreign trade zone on the assessment date of any year, and wishes to claim the exemption provided under section 3, 9, 10, or 11 of this rule, shall report on their personal property return, in the manner prescribed by the state board, the value of the property for which the exemption is claimed. (IC 6-1.1-10-31)

(c) The value of inventory reported on Form 103, Schedule B, lines 6 and 10 (50 IAC 4.2-2-9), must include the exempt inventory. In the case of the interstate commerce exemptions, the exempt inventory must be claimed on line 19 of said form, and this claim supported on an attached Form 103-W (information form) (50 IAC 4.2-2-9). In the case of the enterprise zone, industrial recovery site, or maritime opportunity district inventory exemptions, the taxpayer must file the appropriate exemption claim form with the county auditor.

(d) Waiver of exemption. An exemption is a privilege which may be waived by a person who owns tangible property that would qualify for the exemption. If the owner does not comply with the statutory procedures for obtaining an exemption, they waive the exemption. If the exemption is waived, the property is subject to taxation (IC 6-1.1-11-1). Form 103-W (50 IAC 4.2-2-9), has been prescribed by the state board as the form on which to claim an interstate or foreign trade zone inventory exemption. Form EZ1 (50 IAC 4.2-2-9), has been prescribed as the form on which to claim an enterprise zone inventory exemption; Form IR-1 (50 IAC 4.2-2-9), for claiming an industrial recovery site inventory exemption; and Form MOD-1 (50 IAC 4.2-2-9), for claiming a maritime opportunity district inventory exemption. (IC 6-1.1-11-1)

(e) These exemptions will be permitted to taxpayers who timely file and show the amount of their claim for exemption on the proper line of the prescribed return forms, provided the taxpayer is able to document all of the evidence required in subsection (a), or sections 9, 10, and 11 [*sections 9 through 11 of this rule*], when required to do so by any assessing official or board.

(f) Common qualifications. All property described below must be finished, ready for shipment, stored in the warehouse in

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and remain in its original package as defined. The table below summarizes the interstate shipment exemptions followed by the statutory provisions.

(g) Specific qualifications—at a glance

IC and IAC Citation	Owned by	Origin of Goods	Stored In Warehouse	Additional Specific Requirements
IC 6-1.1-10-29 (section 3(a) of this rule)	Manufacturer or Processor	In State	Public or Private	Must show by adequate records that the property is stored and remains in its original package, without further processing, in an in-state warehouse to be shipped to out-of-state destinations. Allocation method (section 5 of this rule) based on prior years experience.
IC 6-1.1-10-30(a) and IC 6-1.1-10-29.3 (section 3(b) of this rule)	Nonresident	Out of State	Public or Private	The owner is able to show by adequate records that the property has been shipped into this state and is stored and remains in its original package, without further manufacturing or processing except repackaging, and is stored in an in-state warehouse for the purpose of transshipment to an out-of-state destination. Allocation method (section 5 of this rule) based on previous years experience. Subject to limitations in section 4 of this rule.
IC 6-1.1-10-30(b) (section 3(c) of this rule)	Resident or Nonresident	In State or Out of State	Public or Private	Property had been ordered prior to assessment date identifying the specific known out-of-state destination to which the property is subsequently shipped. If not shipped to that destination an amended property tax return is required. Property stored and remains in its original package. Subject to limitations in section 4 of this rule.
IC 6-1.1-10-30(c) (section 3(d) of this rule)	Resident or Nonresident	In State	Public (only)	Property was transported to public warehouse by common, contract, or private carrier. Held for transshipment to out of state destination and labeled to show that purpose. Property stored and remains in its original package. Owner must show by adequate records (section 5 of this rule), that the property is to be transhipped to out of state destinations. Subject to limitations in section 4 of this rule.
IC 6-1.1-10-30(d) (section 4 of this rule)				An exemption provided by this section applies only to the extent that the property is exempt from taxation under the commerce clause of the Constitution of the United States.

(Department of Local Government Finance; 50 IAC 4.2-12-1; filed Dec 7, 1988, 9:35 a.m.; 12 IR 873, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-12-2 (Reserved)

50 IAC 4.2-12-3 Interstate commerce exemption; specific requirements

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 3. (a) Personal property owned by a manufacturer or processor (IC 6-1.1-10-29). Personal property owned by a manufac-

turer or a processor is exempt from property taxation if the owner is able to show by adequate records that the property is stored and remains in its original package in an instate warehouse for the purpose of shipment without further processing, to an out-of-state destination.

(b) Property which originated out-of-state (IC 6-1.1-10-30(a) and IC 6-1.1-10-29.3). Subject to the limitations contained in section 4 of this rule, personal property is exempt from taxation if:

- (1) the property is owned by a nonresident of this state;
- (2) the owner is able to show by adequate records that property has been shipped into this state and placed in its original package in an instate warehouse for the purpose of transshipment to an out-of-state destination; and
- (3) the property is stored and remains in its original package, without further manufacturing or processing except repackaging, in the instate warehouse.

(c) Property ordered for out-of-state shipment (IC 6-1.1-10-30(b)). Subject to the limitation contained in section 4 of this rule, personal property is exempt from property taxation if:

- (1) the property has been placed in its original package in a public or private warehouse for the purpose of shipment to an out-of-state destination;
- (2) the property remains in the original package and in the public or private warehouse; and
- (3) the property had been ordered and is ready for shipment in interstate commerce to a specific known destination to which the property is subsequently shipped.
- (4) If a property tax exemption is claimed under this subsection for property which is not shipped to the specific known destination required under subdivision (3), the taxpayer shall file an amended personal property tax return for the year for which the exemption for that property was claimed.

(5) The provisions of this subsection provide for exemption, however, it also contains certain specific requirements which must be met in order to gain exemption. The requirement in this subsection that the property had been ordered prior to the assessment date identifying the specific known out of state destination to which the property is subsequently shipped must be evidenced by, but not limited to, the following:

- (A) Accepted purchase order indicating purchase of a number of specific units or quantities of product for shipment to specific known out of state destination.
- (B) Accepted blanket purchase orders will require a preassessment date "release" against that blanket purchase order committing a specific number of units or quantities of product for shipment to a specific known out of state destination.
- (C) Accepted contracts on hand prior to the assessment date requiring shipment of a specific number of units or quantities of product to a specific known out of state destination.

(6) The taxpayer must maintain sufficient inventory records in order that it can be determined that the specific items of inventory for which there are outstanding orders as of the assessment date are actually contained in the assessment date inventory balance on the books and records in sufficient quantity to fill all the orders on hand.

(A) Therefore, a check of all outstanding purchase orders on hand as of the assessment date is to be matched against the quantities of the specific units of property on hand and included in the inventory account balances as of the assessment date to ensure that there are sufficient quantities of inventory which is finished, ready for shipment in its original package to cover all outstanding purchase orders. FIFO (first in-first out) accounting treatment is mandatory, i.e., shipments from finished goods inventory will be matched with corresponding purchase orders to first determine in state vs. out of state shipments to verify the amount of exemption.

(B) If there are more outstanding purchase orders by specific product identification on hand than is *[sic.]* contained in the inventory account balances by specific product identification, then the amount of eligible property would be limited to the smaller amount contained in the inventory account balances.

(C) Determination of exemption will be based on identification of units ordered, in finished goods inventory on the assessment date (as qualified above) and proof that those units were actually shipped to the specific known out of state destination as evidenced by a shipping document.

(7) Taxpayers, reporting on the March 1 basis, may claim an exemption under subsection (c) *[this subsection]*, if the taxpayer can prove that on the assessment date the merchandise had been ordered, placed in the original package, ready for shipment in interstate commerce to a specific known out-of-state destination, and that the goods were actually shipped in inter-state commerce to the destination designated in the order mentioned above.

(8) Taxpayers, electing to report on the calendar year average basis (50 IAC 4.2-5-9), may claim an exemption under this

section if the taxpayer can prove that on the first day of each calendar month of the prior calendar year the merchandise had been ordered, placed in the original package, ready for shipment in inter-state commerce to a specific known out-of-state destination, and that the goods were actually shipped in inter-state commerce to the destination designated in the original order.

(d) Property stored in public warehouse (IC 6-1.1-10-30(c)). Subject to the limitation contained in section 4 of this rule, personal property is exempt from property taxation if:

- (1) the property has been placed in its original package in a public warehouse;
- (2) the property was transported to that public warehouse by a common, contract, or private carrier;
- (3) the owner is able to show by adequate records that the property is held in the public warehouse for purposes of transshipment to an out of state destination and is labeled to show that purpose; and
- (4) the property remains in its original package and in the public warehouse;

however, no personal property is exempt from property taxation under this subsection if the property is owned by the same person who owns or leases the public warehouse where the property is held.

(e) Property held in a foreign trade zone. Subject to the limitations contained in section 4 of this rule, tangible personal property is exempt from property taxation if:

- (1) the property is held, on the assessment date, in a foreign trade zone established under 19 U.S.C. 81; and
- (2) the property was either imported into the foreign trade zone from a foreign country or was placed in the foreign trade zone exclusively for export to a foreign country.

(Department of Local Government Finance; 50 IAC 4.2-12-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 874, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-12-4 Commerce clause

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10-30; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 4. Under IC 6-1.1-10-30(d), an exemption provided by this section applies only to the extent that the property is exempt from taxation under the commerce clause of the Constitution of the United States. *(Department of Local Government Finance; 50 IAC 4.2-12-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 876, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-12-5 Definitions

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 5. (a) "Adequate records" as used in IC 6-1.1-10-29 (section 3(a) of this rule), IC 6-1.1-10-29.3 and IC 6-1.1-10-30(a) (section 3(b) of this rule), and IC 6-1.1-10-30(c) (section 3(d) of this rule), includes a designation on a bill of lading, freight bill, delivery receipt, manifest, packing slip, or an equivalent document, or a final entry in the records of the taxpayer indicating that property is held for shipment to an out-of-state destination. Such a designation for out-of-state shipment is sufficient for purposes of IC 6-1.1-10-29 (section 3(a) of this rule), IC 6-1.1-10-29.3 and IC 6-1.1-10-30(a) (section 3(b) of this rule), and IC 6-1.1-10-30(c) (section 3(d) of this rule), even though the specific out-of-state destination of the property is not included in the designation and even though the destination of the property is unknown on the assessment date.

(1) For the purpose of substantiating the amount of their personal property which is exempt from property taxation under IC 6-1.1-10-29 (section 3(a) of this rule), IC 6-1.1-10-29.3 and IC 6-1.1-10-30(a) (section 3(b) of this rule), and IC 6-1.1-10-30(c) (section 3(d) of this rule), a taxpayer shall maintain records that reflect the specific type and amount of personal property claimed to be exempt so that the taxpayer's taxable personal property may be distinguished from their exempt personal property. In lieu of specific identification, the taxpayer may elect to establish the value of their exempt personal property by utilizing an allocation method whereby the exempt personal property is determined by dividing:

- (A) the value of the taxpayer's property shipped from the in-state warehouse to out-of-state destinations during the twelve (12) month period ending with the assessment date; by
- (B) the total value of all shipments of the taxpayer's property from the in-state warehouse during the same period of time, and applying this ratio to the taxpayer's total inventory of personal property that has been placed in the in-state

warehouse, that is in the in-state warehouse as of the assessment date, and that meets the other requirements for an exemption under IC 6-1.1-10-29, IC 6-1.1-10-29.3, IC 6-1.1-10-30(a), or IC 6-1.1-10-30(c).

(2) If the taxpayer uses the allocation method, they shall keep records which adequately establish the validity of the allocation.

(3) A separate allocation factor must be computed for each warehouse facility for which an exemption is claimed. The specific allocation factor computed for each warehouse must be applied to the total qualified inventory stored in that particular warehouse as of the assessment date.

(4) If the taxpayer elects to keep a specific inventory, they shall maintain additional records which reflect:

(A) an accurate inventory of all personal property stored in an in-state warehouse, i.e., both inventory destined for points outside the state and inventory destined for points within the state;

(B) the date of deposit of the inventory in the in-state warehouse;

(C) the date of withdrawal of the inventory from the in-state warehouse; and

(D) the point of ultimate destination of the shipments, if known.

(b) "Nonresident" means a taxpayer who places property in the original package and into the stream of commerce from outside of the state of Indiana.

(c) "Manufacturer" or "processor" defined:

(1) The word "manufacture" means the making of goods or wares by manual labor or by machinery, especially on a large scale. It includes nearly all such materials as have acquired changed conditions or new and specific combinations, whether from the direct action of the human hand, from chemical processes devised and directed by human skill, or by the employment of machinery.

(2) The word "process" means an act or continuous series of operations which has the effect of transforming or changing the subject matter into a different state or thing. A process can be accomplished by chemical action, by the operation or application of some element or power of nature, or the application of one (1) substance to another, irrespective of any machine or mechanical process.

(3) Therefore, "manufacturer" or "processor" means one who performs an operation or continuous series of operations which begin with raw materials and who processes the materials into a new or changed form either by hand, by machinery, or by chemical process directed or controlled by human power.

(d) "Original package" means the box, case, bale, skid, bundle, parcel, or aggregation thereof bound together and used by the seller, manufacturer, or packer for shipment.

(e) "Bill of lading" means a document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods, and includes an airbill. (IC 26-1-1-201(6)). (*Department of Local Government Finance; 50 IAC 4.2-12-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 876, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-12-6 Severability

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 6. If any part of sections 1 through 5, or section 7 of this rule, or the application of it to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this rule which can be given effect without the invalid provision or application, and to this end each section of this rule is severable. (*Department of Local Government Finance; 50 IAC 4.2-12-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 877, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-12-7 (Reserved)

50 IAC 4.2-12-8 Government-owned inventory

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-10; IC 6-1.1-11-1; IC 26-1-1-201

Sec. 8. (a) Inventory which will qualify for exemption as government-owned property will include:

(1) finished goods and work-in-process, title to which is in the government pursuant to the applicable contract or subcontract;

(2) materials and supplies furnished by the government for use in performing the contract or subcontract; and

- (3) raw materials and supplies allocated to a government contract or subcontract which vests title thereto in the government.
- (b) Allocation must be substantiated by:
 - (1) purchase documents which assign the property to the contract;
 - (2) transfer of the property from common or general stores to the specific contract by requisition, work order, or other accounting document; or
 - (3) any other method which indicates clearly and factually that the proper allocation was made.

EXAMPLE 1

A company issues a purchase order for one thousand (1,000) widgets to be used in fulfillment of both government and commercial contracts. On delivery, the widgets are assigned to common or general stores and thereafter requisitioned for use in performance of specific contracts. When a requisition for two hundred (200) widgets is issued and the property is transferred to the work-in-process account, title vests in the government contract containing a title vesting clause.

EXAMPLE 2

A company issues a purchase order for five hundred (500) widgets to be used solely in the performance of a government contract containing a title vesting clause. The purchase order cites the applicable prime contract number, and the cost thereof is to be charged directly to the government contract. Title to such property vests in the government upon delivery by the vendor, and such property is thereafter tax exempt.

(c) Types of government contracts. In general, the following types of contracts and subcontracts have title clauses pursuant to which the government acquires ownership of inventory prior to acceptance of the finished goods:

- (1) fixed price type contracts or subcontracts with progress payments; and
- (2) cost reimbursement type contracts or subcontracts.

(d) In any event passage of title is governed by the terms of each individual contract. (*Department of Local Government Finance; 50 IAC 4.2-12-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 877, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-12-9 Enterprise zone inventory credit; authorization; filing, eligibility determination

Authority: IC 6-1.1-31-1

Affected: IC 4-4-6.1; IC 6-1.1

Sec. 9. Enterprise zone inventory credit. (a) A person is entitled to a credit against their property tax liability under IC 6-1.1-2, for a particular year in the amount of their property tax liability under IC 6-1.1-2, on enterprise zone inventory for that year.

(b) "Enterprise zone inventory" means inventory, as defined in IC 6-1.1-3-11, that is located within an enterprise zone created under IC 4-4-6.1 on the assessment date.

(c) Filing of claim. A person who desires to claim the credit provided shall file a certified application, on forms prescribed by the state board, with the auditor of the county where the property for which the credit is claimed was located on the assessment date, and with the state board.

(d) A person required to file a personal property return reporting inventory subject to assessment under IC 6-1.1-3-7(a), for an assessment year must file the application between March 1 and May 15 of that year in order to obtain the credit in the following year. A person that obtains a filing extension under IC 6-1.1-3-7(c), for an assessment year must file the application between March 1 and June 14 of that year in order to obtain the credit in the following year.

(e) Information required. A taxpayer shall include on an application filed all information that the state board requires to determine eligibility for the credit provided under this section.

(f) Determination of eligibility. The county auditor shall determine the eligibility of each applicant, and shall notify the applicant and the state board of the determination before August 15 of the year in which the application is made. The notice must contain a statement that:

- (1) the applicant is entitled to appeal a denial of eligibility; and
- (2) the state board may, upon its own initiative, review the application and deny the credit.

(g) If the county auditor determines that an applicant is not eligible, the applicant may appeal for a review of the application by the state board. An appeal is perfected by the filing of a written request for review with the state board no later than thirty (30) days after the date on the county auditor's notice. The request must:

- (1) state the name of the applicant;
- (2) identify the application; and

(3) state the reasons the applicant believes that the county auditor's decision is incorrect.

(h) The state board shall review the application of any applicant who files an appeal as described above.

(i) The state board may review any application and if it finds that the applicant has been denied but is eligible or that the applicant is not eligible, the state board shall notify the applicant and the county auditor of the board's decision to allow or disallow the credit. (*Department of Local Government Finance; 50 IAC 4.2-12-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 878, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-12-10 Industrial recovery site inventory

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1; IC 6-3.1-11

Sec. 10. (a) A person is entitled to a credit against the person's property tax liability under IC 6-1.1-2, for the amount of increase in inventory located in an approved industrial recovery site. "Industrial recovery site inventory value" means the assessed value of the taxpayer's inventory located on an industrial recovery site on the assessment date minus the assessed value of the taxpayer's inventory located on the industrial recovery site on the predesignation assessment date. "Predesignation assessment date" means the assessment date immediately preceding the date that the state enterprise zone board approves the industrial recovery site designation for a location under IC 6-3.1-11. In order to be declared as an industrial recovery site under this section, a building or complex of buildings must contain at least three hundred thousand (300,000) square feet. At least fifty percent (50%) of this building or complex must be at least twenty (20) years old, and at least seventy-five percent (75%) of the floor space must have been vacant for two (2) years.

(b) The tenants of a declared building may apply for a credit under this section. This credit must be filed annually, and is available for ten (10) years from the date the site was designated an industrial recovery site.

(c) Filing of claim for exemption. A person desiring to claim the credit provided by this section must report the inventory for assessment on a completed Form 103 (50 IAC 4.2-2-9), (filed with the assessor), and file a certified application on forms prescribed by the state board, with the auditor of the county where the inventory was located on the assessment date, and with the state board. A person required to file a personal property return under IC 6-1.1-3-7(a), for an assessment year must file the application between March 1 and May 15 of the year in order to obtain the credit in the following year. A person that obtains a filing extension under IC 6-1.1-3-7(c), for an assessment year must file the application between March 1 and June 14 of that year.

(d) Additional filing requirements. A taxpayer shall include on the application filed all information that the state board requires to determine eligibility for the credit provided under this section.

(e) Review of claim. The county auditor shall determine the eligibility of each applicant, and shall notify the applicant and the state board of the determination in the same manner as prescribed for the enterprise zone inventory credit under IC 6-1.1-20.8.

(f) If the county auditor determines that an applicant is not eligible, the applicant may appeal for a review in the same manner as prescribed for the enterprise zone inventory credit under IC 6-1.1-20.8.

(g) The state board shall review the application of any applicant who files an appeal as described above.

(h) The state board may review any application and make a determination in the same manner as prescribed for the enterprise zone inventory credit under IC 6-1.1-20.8. (*Department of Local Government Finance; 50 IAC 4.2-12-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 878, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-12-11 Maritime opportunity district inventory

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-2; IC 6-1.1-40

Sec. 11. A person is entitled to a credit against the person's property tax liability under IC 6-1.1-2 if that person has inventory located in a maritime opportunity district. The qualifications and filing requirements for this credit are detailed in 50 IAC 4.2-11-4. (*Department of Local Government Finance; 50 IAC 4.2-12-11; filed Dec 7, 1988, 9:35 a.m.: 12 IR 879, eff Mar 1, 1989; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-12-12 Automobiles used for driver education

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-10-5

Sec. 12. Automobiles used for driver education. Motor vehicles which on March 1 are provided free of charge by automobile dealers to public or parochial educational institutions and registered by the Indiana bureau of motor vehicles in the name of such educational institution for the purpose of teaching student driver education shall be exempt from personal property assessment. These motor vehicles must be included in the form with all other inventory and an appropriate adjustment taken on the adjustment form. (*Department of Local Government Finance; 50 IAC 4.2-12-12; filed Dec 7, 1988, 9:35 a.m.: 12 IR 879, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

Rule 13. Tax Abatement Provisions; New Manufacturing Equipment in Approved Economic Revitalization Areas or Maritime Opportunity District (Repealed)

(*Repealed by Department of Local Government Finance; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1300*)

Rule 14. Principal Business Activity Codes

50 IAC 4.2-14-1 Principal business activity codes

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-31

Sec. 1. Following is a listing of business activity code numbers. It is a requirement that each taxpayer designate their business activity code number and description on the lines provided on the front page of Forms 102, 103-Short and 103-Long (50 IAC 4.2-9).

Code AGRICULTURE, FORESTRY,

Farms: AND FISHING

- 0120 Field crop.
- 0160 Vegetable and melon farms.
- 0170 Fruit and tree nut farms.
- 0180 Horticultural speciality.
- 0211 Beef cattle feedlots.
- 0212 Beef cattle, except feedlots.
- 0215 Hogs, sheep, and goats.
- 0240 Dairy farms.
- 0250 Poultry and eggs.
- 0260 General livestock (except animal speciality).
- 0270 Animal speciality.

Agricultural services and forestry:

- 0740 Veterinary services.
- 0753 Livestock breeding.
- 0754 Animal services, except livestock breeding and veterinary.
- 0780 Landscape and horticulture services.
- 0790 Other agricultural services.
- 0800 Forestry.

Fishing, hunting, and trapping:

- 0930 Commercial fishing, hatcheries, and preserves.
- 0970 Hunting, trapping, and game propagation. MINING

- 1000 Metal mining.
- 1010 Iron ores.
- 1070 Cooper [*sic.*], lead and zinc, gold and silver ores.
- 1098 Other metal mining.
- 1150 Coal mining.
- 1300 Oil and gas extraction:
 - 1330 Crude petroleum, natural gas, and natural gas liquids.
 - 1380 Oil and gas field services.
 - 1400 Nonmetallic minerals (except fuels mining).
 - 1430 Dimension, crushed and broken stone; sand and gravel.
 - 1498 Other nonmetallic minerals, except fuels.

CONSTRUCTION

General building contractors and operative builders:

- 1510 General building contractors.
- 1531 Operative builders.

Heavy construction contractors:

- 1611 Highway and street construction.
- 1620 Heavy construction, except highway.

Special trade contractors:

- 1711 Plumbing, heating, and air conditioning.
- 1721 Painting, paper hanging, and decorating.
- 1731 Electrical work.
- 1740 Masonry, stonework, and plastering.
- 1750 Carpentering and flooring.
- 1761 Roofing and sheet metal work.
- 1771 Concrete work.
- 1781 Water well drilling.
- 1790 Miscellaneous special trade contractors.
- 1798 Other special trade contractors.

MANUFACTURING

- 2000 Food and kindred products:
 - 2010 Meat products.
 - 2020 Dairy products.
 - 2030 Preserved fruits and vegetables.
 - 2040 Grain mill products.
 - 2050 Bakery products.
 - 2060 Sugar and confectionery products.
 - 2081 Malt liquors and malt.
 - 2088 Alcoholic beverages, except malt liquors and malt.
 - 2089 Bottled soft drinks, and flavorings.
 - 2096 Other food and kindred products.
- 2100 Tobacco manufacturers.
- 2200 Textile mill products:
 - 2228 Weaving mills an [*sic.*] textile finishing.

- 2298 Other textile mill products.
- 2300 Apparel and other textile products:
 - 2315 Men's and boy's clothing.
 - 2345 Women's and children's clothing.
 - 2388 Hats, caps, millinery, fur goods, and other apparel and accessories.
 - 2390 Misc. fabricated textile products.
- 2400 Lumber and wood products, except furniture:
 - 2415 Logging camps and logging contractors, sawmills and planing [*sic.*] mills.
 - 2430 Millwork, plywood, and related products.
 - 2498 Other wood products, including wood buildings, and mobile homes.
- 2500 Furniture and fixtures.
- Paper and allied products:
 - 2625 Pulp, paper, and board mills.
 - 2699 Other paper products.
- 2700 Printing, publishing, and allied products:
 - 2710 Newspapers.
 - 2720 Periodicals.
 - 2735 Books, greeting cards, and misc. publishing.
 - 2799 Commercial and other printing and printing trade services.
- 2800 Chemicals and allied products:
 - 2815 Industrial chemicals, plastics materials, and synthetics.
 - 2830 Drugs.
 - 2840 Soap, cleaners, and toilet goods.
 - 2850 Paints and allied products.
 - 2898 Agricultural and other chemical products.
- Petroleum refining and related industries (including those integrated with extraction):
 - 2910 Petroleum refining (including those integrated with extraction).
 - 2998 Other petroleum and coal products.
- Rubber and misc. plastics products:
 - 3050 Rubber products; plastics footwear, hose, and belting.
 - 3070 Misc. plastics products.
- 3100 Leather and leather products:
 - 3140 Footwear, except rubber.
 - 3198 Other leather and leather products.
- 3200 Stone, clay, glass, and concrete products:
 - 3225 Glass products.
 - 3240 Cement, hydraulic.
 - 3270 Concrete, gypsum, and plaster products.
 - 3298 Other nonmetallic mineral products.
- 3300 Primary metal industries:
 - 3370 Ferrous metal industries; misc. primary metal products.
 - 3380 Nonferrous metal industries.
- 3400 Fabricated metal products, except machinery and transportation equipment:
 - 3410 Metal cans and shipping containers.

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- 3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.
- 3430 Plumbing and heating, except electric and warm air.
- 3440 Fabricated structural metal products.
- 3460 Metal forgings and stampings.
- 3470 Coating, engraving, and allied services.
- 3480 Ordinance and accessories, except vehicles and guided missiles.
- 3490 Misc. fabricated metal products.
- 3500 Machinery, except electrical:
 - 3520 Farm machinery.
 - 3530 Construction, mining, and materials handling machinery and equipment.
 - 3540 Metalworking machinery.
 - 3550 Special industry machinery, except metalworking machinery.
 - 3560 General industrial machinery.
 - 3570 Office, computing, and accounting machines.
 - 3598 Engines and turbines, service industry machinery, and other machinery, except electrical.
- 3600 Electrical and electronic machinery, equipment, and supplies:
 - 3630 Household appliances.
 - 3665 Radio, television, and communication equipment.
 - 3670 Electronic components and accessories.
 - 3698 Other electric equipment.
- 3700 Transportation equipment:
 - 3710 Motor vehicles and equipment.
 - 3725 Aircraft, guided missiles, and parts.
 - 3730 Ship and boat building and repairing.
 - 3798 Other transportation equipment.
- Measuring and controlling instruments; photographic and medical goods, watches, and clocks:
 - 3815 Scientific instruments and measuring devices; watches, and clocks.
 - 3845 Optical, medical, and ophthalmic goods.
 - 3860 Photographic equipment and supplies.
- 3998 Other manufacturing products.

TRANSPORTATION, COMMUNICATION, ELECTRIC,
GAS, AND SANITARY SERVICES

Transportation:

- 4000 Railroad transportation.
- Local and interurban passenger transit:
 - 4121 Taxicabs.
 - 4189 Other passenger transportation.
- Trucking and warehousing:
 - 4210 Trucking, local and long distance.
 - 4289 Public warehousing and trucking terminals.
 - 4400 Water transportation.
 - 4500 Transportation by air.
 - 4600 Pipe lines, except natural gas.
 - 4700 Other transportation services.

- 4722 Passenger transportation arrangement.
- 4723 Freight transportation arrangement.
- 4800 Communication:
 - 4825 Telephone, telegraph, and other communication services.
 - 4830 Radio and television broadcasting.
- 4900 Electric, gas, and sanitary services:
 - 4910 Electric services.
 - 4930 Combination utility services.
 - 4990 Water supply and other sanitary services.

WHOLESALE TRADE

Durable:

- 5008 Machinery, equipment, and supplies.
- 5010 Motor vehicles and automotive equipment.
- 5030 Lumber and construction materials.
- 5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies.
- 5050 Metals and minerals, except petroleum and scrap.
- 5060 Electrical goods.
- 5070 Hardware, plumbing, and heating equipment.
- 5083 Farm machinery and equipment.
- 5089 Other machinery, equipment, and supplies.
- 5098 Other durable goods.

Nondurable:

- 5110 Paper and paper products.
- 5129 Drugs, chemicals, and allied products.
- 5130 Apparel, piece goods, and notions.
- 5140 Groceries and related products.
- 5150 Farm product raw materials.
- 5160 Chemicals and allied products.
- 5170 Petroleum and petroleum products.
- 5180 Alcoholic beverages.
- 5190 Misc. nondurable goods.

RETAIL TRADE

Building materials, hardware, garden supply, and mobile home dealers:

- 5220 Building materials dealers.
- 5231 Paint, glass, and wallpaper stores.
- 5251 Hardware stores.
- 5261 Retail nurseries and garden stores.
- 5265 Garden supplies and mobile home dealers.
- 5271 Mobile home dealers.

General merchandise:

- 5331 Variety stores.
- 5398 Other general merchandise stores.

Food stores:

- 5411 Grocery stores.

- 5420 Meat and fish markets and freezer provisioners.
- 5431 Fruit stores and vegetable markets.
- 5441 Candy, nut, and confectionery stores.
- 5451 Dairy products stores.
- 5460 Retail bakeries.
- 5490 Other food stores.

Automotive dealers and service stations:

- 5511 New car dealers (franchised).
- 5521 Used car dealers.
- 5531 Auto and home supply stores.
- 5541 Gasoline service stations.
- 5551 Boat dealers.
- 5561 Recreational vehicle dealers.
- 5571 Motorcycle dealers.
- 5598 Other automotive dealers.
- 5599 Aircraft, and other automotive dealers.

Apparel and accessory stores:

- 5611 Men's and boy's clothing and furnishing.
- 5621 Women's ready-to-wear stores.
- 5631 Women's accessory and speciality stores.
- 5641 Children's and infants' wear stores.
- 5651 Family clothing stores.
- 5661 Shoe stores.
- 5681 Furriers and fur shops.
- 5699 Other apparel and accessory stores.

Furniture, home furnishing and equipment stores:

- 5712 Furniture stores.
- 5713 Floor covering stores.
- 5714 Drapery, curtain, and upholstery stores.
- 5719 Home furnishings, except appliances.
- 5722 Household appliance stores.
- 5732 Radio and television stores.
- 5733 Music stores.

Eating and drinking places:

- 5812 Eating places.
- 5813 Drinking places.

Miscellaneous retail stores:

- 5912 Drug stores and proprietary stores.
- 5921 Liquor stores.
- 5931 Used merchandise stores.
- 5941 Sporting goods stores and bicycle shops.
- 5942 Book stores.
- 5943 Stationery stores.
- 5944 Jewelry stores.

- 5945 Hobby, toy, and game shops.
- 5946 Camera and photographic supply stores.
- 5947 Gift, novelty, and souvenir shops.
- 5948 Luggage and leather goods stores.
- 5949 Sewing, needlework, and piece goods stores.
- 5961 Mail order houses.
- 5962 Merchandising machine operators.
- 5963 Direct selling organizations.
- 5982 Fuel and ice dealers (except fuel oil and bottled gas dealers).
- 5983 Fuel oil dealers.
- 5984 Liquefied petroleum gas (bottled gas) dealers.
- 5992 Florists.
- 5993 Cigar stores and stands.
- 5994 News dealers and newsstands.
- 5996 Other miscellaneous retail stores.

FINANCE, INSURANCE, AND REAL ESTATE

6000 Banking:

- 6030 Mutual savings banks.
- 6060 Bank holding companies.
- 6090 Bank, except mutual savings banks and bank holding companies.

6100 Credit agencies other than banks:

- 6120 Savings and loan associations.
- 6140 Personal credit institutions.
- 6150 Business credit institutions.
- 6199 Other credit agencies.

Security, commodity brokers, dealers, exchanges, and services:

- 6210 Security brokers, dealers, and flotation companies.
- 6212 Security underwriting syndicates.
- 6218 Security brokers and dealers, except underwriting syndicates.
- 6299 Commodity contracts brokers and dealers; security and commodity exchanges, and allied services.

Insurance:

- 6355 Life insurance.
- 6356 Mutual insurance, except life or marine and certain fire or flood insurance companies.
- 6359 Other insurance companies.
- 6411 Insurance agents, brokers, and services.

Real Estate:

- 6511 Real estate operators (except developers) and lessors of buildings.
- 6516 Lessors of mining, oil, and similar property.
- 6518 Lessors of railroad property and other real property.
- 6520 Lessors of real property other than buildings.
- 6530 Condominium management and cooperative housing associations.
- 6531 Real estate agents, brokers, and managers.
- 6541 Title abstract offices.
- 6552 Subdivisors [*sic.*] and developers, except cemeteries.

- 6553 Cemetery subdividers [*sic.*] and developers.
- 6599 Other real estate.
- 6611 Combined real estate, insurance, loans, law offices.

Holding and other investment companies:

- 6742 Regulated investment companies.
- 6743 Real estate investment trusts.
- 6744 Small business investment companies.
- 6746 Investment clubs.
- 6747 Common trust funds.
- 6748 Other holding and investment companies.
- 6749 Holding and other investment companies, except bank holding companies.

SERVICES

Hotels and other lodging places:

- 7012 Hotels.
- 7013 Motel, motor hotels, and tourist courts.
- 7021 Rooming and boarding houses.
- 7032 Sporting and recreational camps.
- 7033 Trailer parks and camp sites.
- 7041 Organizational hotels and lodging houses on a membership basis.

Personal services:

- 7215 Coin-operated laundries and dry cleaning.
- 7219 Other laundry, cleaning, and garment services.
- 7221 Photographic studios, portrait.
- 7231 Beauty shops.
- 7241 Barber shops.
- 7251 Shoe repair and hat cleaning shops.
- 7261 Funeral services and crematories.
- 7299 Miscellaneous personal services.

Business services:

- 7310 Advertising.
- 7340 Services to buildings.
- 7370 Computer and data processing services.
- 7392 Management, consulting, and public relations services.
- 7394 Equipment rental and leasing.
- 7398 Other business services.

Automotive repair and services:

- 7510 Automotive rentals and leasing, without drivers.
- 7520 Automobile parking.
- 7531 Automobile top and body repair shops.
- 7538 General automobile repair shops.
- 7539 Other automotive repair shops.
- 7540 Automotive services, except repair.

Miscellaneous repair services:

- 7622 Radio and TV repair shops.

7628 Electrical repair shops, except radio and TV.

7641 Reupholstery and furniture repair.

7680 Other miscellaneous repair shops.

Motion pictures:

7812 Motion picture and video tape production, distribution, and services.

7830 Motion picture theaters.

Amusement and recreation services:

7920 Producers, orchestras, and entertainers.

7932 Billiard and pool establishments.

7933 Bowling alleys.

7941 Professional sports clubs and promoters.

7948 Racing, including track operation.

7980 Other amusement and recreation services.

Medical and health services:

8011 Offices of physicians.

8021 Offices of dentists.

8031 Offices of osteopathic physicians.

8040 Offices of other health practitioners.

8041 Offices of chiropractors.

8042 Offices of optometrists.

8048 Registered and practical nurses.

8050 Nursing and personal care facilities.

8060 Hospitals.

8071 Medical laboratories.

8072 Dental laboratories.

8098 Other medical and health services.

Other services:

8111 Legal services.

8200 Educational services.

8300 Social services.

8600 Membership organizations.

8651 Political organizations.

8799 Misc. services.

8911 Engineering and architectural services.

8932 Certified public accountants.

8933 Other accounting, auditing, and bookkeeping services.

8999 Other services, not elsewhere classified.

(Department of Local Government Finance; 50 IAC 4.2-14-1; filed Dec 7, 1988, 9:35 a.m.; 12 IR 884, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

Rule 15. Prescribed Methods of Valuation; Specific Types of Property

50 IAC 4.2-15-1 Subjects covered; incorporation of “directives”; availability

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

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Sec. 1. (a) The state board has previously issued “directives” to interpret the property tax laws and rules and to set forth state board policies. These directives, previously designated as D78-1, D78-2, etc., have been repealed and replaced by this rule. Sections 2 through 14 of this rule, prescribe the methods of valuation for specific types of property. These sections are not included in the printing of this article as provided to local assessing officials for general distribution to taxpayers. Taxpayers with property for which a specific valuation method has been prescribed may obtain a copy of the appropriate section(s) from the assessor of the county where the property is located.

(b) The following summarizes the remaining sections of this rule:

- 50 IAC 4.2-15-2 Assessment of boats, motors, boat trailers, campers, camping trailers, travel trailers, pick-up truck campers, fold down campers, snowmobiles, off-road vehicles, self-propelled motor homes, nonfactory produced units (homemade), antique cars, and aircraft
 - 50 IAC 4.2-15-3 Penalty provisions which apply to Form 101, individual's tangible personal property return, place of assessment, and evidence of filing
 - 50 IAC 4.2-15-4 Assessment of servicemen for personal property
 - 50 IAC 4.2-15-5 Assessment of grain in storage
 - 50 IAC 4.2-15-6 Assessment of farm commodities and livestock
 - 50 IAC 4.2-15-7 Assessment of refined petroleum products, marketing equipment, crude oil, and natural gas at wellhead
 - 50 IAC 4.2-15-8 Assessment of leased data processing equipment
 - 50 IAC 4.2-15-9 Assessability of state and federal taxes on liquor, wine, beer, and cigarettes including goods held in bonded warehouse
 - 50 IAC 4.2-15-10 Assessment of used equipment, appliances, vehicles, and other tangible personal property
 - 50 IAC 4.2-15-11 Reporting requirements and disclosure information
 - 50 IAC 4.2-15-12 Assessment of outdoor advertising signs
 - 50 IAC 4.2-15-13 Assessment of interstate motor truck carriers under the international registration program
 - 50 IAC 4.2-15-14 Present value of personal property leases
- (Department of Local Government Finance; 50 IAC 4.2-15-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 888, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

50 IAC 4.2-15-2 Assessment of boats, motors, boat trailers, campers, camping trailers, travel trailers, pick-up truck campers, fold down campers, snowmobiles, off-road vehicles, self-propelled motor homes, nonfactory produced units (homemade), antique cars, and aircraft

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31; IC 6-6-5; IC 6-6-6.5; IC 9-18-12-6

Sec. 2. (a) Under 50 IAC 4.2-7, this section is promulgated to instruct assessing officials and affected taxpayers in the proper procedure for determining the true tax value of the above types of personal property not used in business and non-depreciable (not allowable) for federal income tax purposes.

(b) The types of property to be assessed under this section will usually be owned by an individual not engaged in business and are to be reported on Form No. 101 (50 IAC 4.2-2-9). The assessor will be required, as in the past, to determine or verify the true tax value of such property as reported by the taxpayer.

(c) The following books are published by Inter Tech Publishing Corp., P.O. Box 12901, Overland Park, Kansas 66212 and are hereby prescribed by the state board for 1989 and future years unless expressly repealed. The publications are the current versions of those prescribed in prior years. Those publications which are in effect on March 1 of the year in which the assessment is to be made are hereby authorized unless, by an amendment of this section at a future date, a different publication is prescribed.

- (1) Outboard Motor Trade-In Guide Blue Book.
- (2) Inboard and Outdrive Boat Trade-In Guide Blue Book.
- (3) Outboard Boat Trade-In Guide Blue Book.
- (4) Boat Trailer Trade-In Guide Blue Book.
- (5) Sailboat Trade-In Guide Blue Book.

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- (6) Pontoon House Boat Trade-In Guide Blue Book.
- (7) Truck Campers and Motor Home Trade-In Guide.
- (8) Camping Trailer and Travel Trailer Trade-In Guide.
- (9) Official Snowmobile and ATV Trade-In Guide.

(d) "Estimated current values less repairs high" listed in the above publications shall be the basis for assessment of all prior year models. The F.O.B. prices shall be the basis for the assessment of all current models. To these prices shall be added the value of all special equipment.

(e) In the event a particular make or model is not included in said publications or list of unit valuations adopted by the state board, such personal property shall be valued at its true tax value. The "true tax value" shall be the cost less a reasonable allowance for depreciation.

(f) All units which are owned, held, possessed, or controlled by a manufacturer or dealer of this type of personal property shall be assessed as inventory pursuant to this article. Also, this section shall not be used for the assessment of units used in the ordinary operation of a trade or business, which units shall be assessed on the basis of 50 IAC 4.2-2, and reported in the pools of Schedule A on Form 102 or 103 (50 IAC 4.2-2-9).

(g) All units shall be listed in the tax return at their full value and assessed at thirty-three and one-third percent (33⅓%) of that value.

(h) IC 6-6-5 and IC 9-7-6 [*IC 9-7-6 repealed by P.L.2-1991, SECTION 109.*], provide that antique cars are no longer subject to assessment and taxation as personal property. Also, IC 6-6-6.5, provides for the taxation of airplanes under the aircraft license excise tax and thus eliminates these items from assessment and taxation as personal property.

(i) In order to clarify any confusion existing as to whether camping trailers or travel trailers are to be assessed as personal property on Form 101 (50 IAC 4.2-2-9), or as a mobile home, the board has considered the applicable statutes as follows:

(1) Generally, the subject property is considered to be recreational type equipment as compared to mobile homes which are considered to be of a permanent dwelling nature. Annual licensing of subject property is statutorily required if operated on the roads and highways, therefore, if licensed, the property is assessable as personal property.

(2) In certain instances this type of property is placed at a site for a period of time which would not require an annual license for a particular year or years, i.e., left at a vacation or recreation site on a year round basis. Such property shall be assessed where such property is located on the assessment date as either personal property or a mobile home in accordance with definitions contained in such rules and in accordance with the description, circumstances, and use of such property.

(j) Pick-up truck campers are assessable as personal property even though a license for the camper unit itself is not presently required. Assessors must be especially observant in order to assess all such units in their jurisdictions.

(k) "Boat" means any watercraft by which a person may be transported upon the public waters of this state, and it includes every motorboat, sailboat, rowboat, skiff, dinghy, or canoe of whatever length or size.

(l) IC 14-1-3 [*IC 14-1 was repealed by P.L.1-1995, SECTION 91, effective July 1, 1995.*] and IC 14-1-3.5 [*IC 14-1 was repealed by P.L.1-1995, SECTION 91, effective July 1, 1995.*] pertaining to the department of natural resources defines [*sic.*] "snowmobiles" and "off-road vehicles" as motor driven vehicles capable of cross country travel, without benefit of a road or trail, on or immediately over land, water, snow, ice, marsh, swampland, or other natural terrain. It does not include a farm vehicle being used for farming, a vehicle used for military or law enforcement purposes, construction, mining, other industrial related vehicles used in performance of its common function, and does not include for registration any other vehicle properly registered by the bureau of motor vehicles. No snowmobile or off-road vehicle shall be operated unless registered by the owner. However, registration is not required for vehicles operated exclusively on lands owned or under the control of the vehicle owner or with his permission.

(m) As such, these vehicles are subject to assessment as personal property on Form 101 (50 IAC 4.2-2-9). These vehicles are similar to pick-up truck campers in that the assessor in many cases will have no registration certificate to aid him. As previously mentioned, the lack of a registration certificate does not render this type of personal property nonassessable.

(n) Reasonable allowance for depreciation (for units not included in prescribed publications). The cost of the subject property shall be multiplied by the percentage factor reflected below, based on the model year, to determine its true tax value:

<u>Model Year</u>	<u>Cost</u>	<u>True Tax Value</u>
Current Year		75%
Second Year		56%
Third Year		42%

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Fourth Year	32%
Fifth Year	24%
Sixth Year	18%
Seventh Year and Older	15%

(Department of Local Government Finance; 50 IAC 4.2-15-2; filed Dec 7, 1988, 9:35 a.m.: 12 IR 889, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-3 Penalty provisions which apply to Form 101, Individual's Tangible Personal Property Return, place of assessment, and evidence of filing

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 3. (a) The state board has had several questions from assessing officials regarding the proper application of penalties to Form 101, Individual's Tangible Personal Property Assessment Return (50 IAC 4.2-2-9). This section briefly explains the various penalty provisions which may apply to Form 101 (50 IAC 4.2-2-9).

(b) Penalties for failure to file and late assessment penalties. When the Form 101 (50 IAC 4.2-2-9) is not filed on or before the due date (generally May 15), a penalty of twenty-five dollars (\$25) shall be added by the county auditor to the property tax installment next due for the return. An additional penalty, twenty percent (20%) of the taxes finally determined to be due, shall be added by the county auditor if the required personal property assessment return is not filed within thirty (30) days after the due date. These penalties are provided in IC 6-1.1-37-7(a) and are due with an installment whether or not an appeal is filed with respect to the taxes due on that installment (IC 6-1.1-37-7(f)).

(c) Undervalued personal property penalty. The valuation of personal property on Form 101 (50 IAC 4.2-2-9), is somewhat unique, since the value of the property is determined by using publications (as prescribed in section 1 of this rule), to which the taxpayer rarely has access. In fact, the law allows the taxpayer to list property on his/her return without a value. The assessor (who has access to the proper publications) will then place a value on the property listed.

If an assessing official or board changes a valuation made by a person on his personal property return or adds personal property and its value to a return, the assessing official or board shall, by mail, immediately give the person notice of the action taken. However, if a taxpayer lists property on his return but does not place a value on the property, a notice of the action of an assessing official or board in placing a value on the property is not required. (IC 6-1.1-3-20)

Given this procedure, the undervalued personal property penalty (IC 6-1.1-37-7(e)), would not apply to situations where a taxpayer has listed his/her property, but has not placed a value on it.

If the total assessed value that a person reports on a personal property return is less than the total assessed value that the person is required by law to report and if the amount of the undervaluation exceeds five percent (5%) of the value that should have been reported on the return, then the county auditor shall add a penalty of twenty percent (20%) of the additional taxes finally determined to be due as a result of the undervaluation. The penalty shall be added to the property tax installment next due for the return on which the property was undervalued. If a person has complied with all of the requirements for claiming a deduction, an exemption, or an adjustment for abnormal obsolescence, then the increase in assessed value that results from a denial of the deduction, exemption, or adjustment for abnormal obsolescence is not considered to result from an undervaluation for the purposes of this subsection. (IC 6-1.1-37-7(e))

A taxpayer who does not place a value on property properly listed on Form 101 (50 IAC 4.2-2-9) cannot be given a penalty for undervaluing his/her property when he/she does not have access to the proper publications.

Likewise, a taxpayer who attempts to place a value on his/her property without the benefit of the proper publication, should not be given the undervaluation penalty. However, any property not listed on the return by the taxpayer would be subject to the undervaluation penalty.

EXAMPLE

A taxpayer owns both a boat and a camper. The boat is reported for assessment (on Form 101 (50 IAC 4.2-2-9)) but no value is listed. The camper is not reported for assessment. The boat is not subject to the undervaluation penalty even though the value was not listed. The camper would be subject to the penalty since it was not reported for assessment.

(d) Duplicate return requirement. When a taxpayer, who is a resident in one (1) township, owns personal property, e.g., a boat, regularly used or permanently located in a second township, the taxpayer must report the property for assessment in the second township. When this situation occurs, the law requires that:

....the owner of the property shall provide, within forty-five (45) days after the filing deadline, a copy or other written evidence of the filing of the return to the assessor of the township in which the owner resides. (IC 6-1.1-3-1(d))

When a taxpayer fails to provide the proof required above (normally a copy of the filed return), the property is still assessed

where it is regularly used or permanently located, but the taxpayer must pay a penalty to the township in which he/she resides.

A person who fails to provide, within forty-five (45) days after the filing deadline, evidence of the filing of a personal property to the assessor of the township in which the owner resides, as required under IC 6-1.1-3-1(d) shall pay, to the township in which the owner resides, a penalty equal to ten percent (10%) of the tax liability. (IC 6-1.1-37-5)

(e) Penalty for failing to include all required information on the return form. P.L. 71-1985, amended certain penalty provisions of IC 6-1.1-37-7 to allow for the imposition of a twenty-five dollar (\$25) penalty when a taxpayer fails to include all of the information required.

If a person subject to IC 6-1.1-3-7(d) fails to include on a personal property return the information, if any, that the state board of tax commissioners requires under IC 6-1.1-3-9 or IC 6-1.1-5-13 the county auditor shall add a penalty to the property tax installment next due for the return. The amount of the penalty is twenty-five dollars (\$25). (IC 6-1.1-37-7(d))

Only taxpayers subject to IC 6-1.1-3-7(d) fall under this provision. IC 6-1.1-3-7(d) provides:

If the sum of the assessed values reported by a taxpayer on the business personal property returns which he files with the township or county assessor for a year exceeds fifteen thousand dollars (\$15,000), he shall file each of the returns in duplicate.

The penalty applies only to business personal property returns (i.e., Forms 102 and 103 (50 IAC 4.2-2-9)), with an assessed value of more than fifteen thousand dollars (\$15,000). The penalty does not apply to Form 101 (50 IAC 4.2-2-9). (*Department of Local Government Finance; 50 IAC 4.2-15-3; filed Dec 7, 1988, 9:35 a.m.: 12 IR 891, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-15-4 Assessment of servicemen for personal property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31; IC 6-1.1-37-7

Sec. 4. (a) This section clarifies the liability of persons in the military or naval service for assessment and payment of personal property taxes in the state of Indiana. The Federal Soldiers' and Sailors' Civil Relief Act, as found in 50 U.S.C.A. Appendix, Section 574, provides as follows:

“(1) For the purposes of taxation in respect of any person, or of his personal property, income, or gross income, by any State, Territory, possession, or political subdivision of any of the foregoing, or by the District of Columbia, such person shall not be deemed to have lost a residence or domicile in any State, Territory, possession, or political subdivision of any of the foregoing, or in the District of Columbia, solely by reason of being absent therefrom in compliance with military or naval orders, or to have acquired a residence or domicile in, or to have become a resident in or a resident of, any other State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, while, and solely by reason of being, so absent. For the purposes of taxation in respect of the personal property, income or gross income of any such person by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia, of which such person is not a resident or in which he is not domiciled, compensation for military and naval service shall not be deemed income for services performed within, or from sources within, such State, Territory, possession, political subdivision, or District, and personal property shall not be deemed to be located or present in or to have a situs for taxation in such State, Territory, possession, political subdivision, or District. Where the owner of personal property is absent from his residence or domicile solely by reason of compliance with military or naval orders, this section applies with respect to personal property, or use thereof, within any tax jurisdiction other than such place of residence or domicile, regardless of where the owner may be serving in compliance with such orders: Provided, That nothing contained in this section shall prevent taxation by any State, Territory, possession, or political subdivision of any of the foregoing, or the District of Columbia in respect of personal property used in or arising from a trade or business, if it otherwise has jurisdiction. This section shall be effective as of September 8, 1939, except that it shall not require the crediting or refunding of any tax paid prior to October 6, 1942.”

The purpose thereof was to protect servicemen from having to pay taxes to states in which they were serving pursuant to military order, which state was not the state of residence by choice of the serviceman.

(b) Indiana law does not provide an exemption from tax liability with respect to servicemen who are residents of Indiana but rather provides that all personal property shall be assessed to the owner in the township, town, or city which is that of his residence on the first day of March each year.

(c) Mobile homes, if classified and assessed pursuant to 50 IAC 3.1 for Assessment of Mobile Homes (Regulation 13) and when owned by a serviceman who is a nonresident of Indiana, on duty in Indiana pursuant to military or naval orders, such mobile home is exempt from taxation by the state of Indiana even though physically located in this state, pursuant to the Soldiers' and

Sailors' Civil Relief Act. Based upon the foregoing, we are summarizing below the effect of the Soldiers' and Sailors' Civil Relief Act and the laws of the state of Indiana upon the assessment and payment of taxes by a serviceman in the state of Indiana:

(1) Any serviceman who is a resident of another state, but who is temporarily stationed in Indiana pursuant to military or naval orders, is exempt from assessment and payment of personal property taxes in this state, except that used in a trade or business. However, the burden of proof is upon the serviceman and he should exhibit to the assessor evidence of the fact that he is a legal resident of another state. This evidence may be either a statement from the commanding officer, copy of orders to report for active duty, official military personnel identification card, or any other document which would disclose the place of the serviceman's residence or domicile to be other than Indiana.

(2) Personal property located in Indiana belonging to a nonresident serviceman, not used in trade or business, is exempt from assessment and taxation even though such is left with his wife, dependents, or others, in those situations in which he has been transferred to another state or overseas pursuant to military order.

(3) The exemption under subdivisions (1) and (2) would also extend to a mobile home of any nonresident serviceman.

(4) The above exemptions do not extend to personal property used in or arising from a trade or business, in which case a nonresident serviceman is subject to assessment therefore in the same manner as an Indiana resident.

(5) Any serviceman who is a legal resident of the state of Indiana is subject to assessment in this state.

(6) By the provisions of IC 6-1.1-37-7, the penalties for failure to file an assessment return shall not be applicable to any person, or the dependents of any person, in the military or naval forces of the United States on the assessment date covered by the provisions of the Federal Soldiers' and Sailors' Civil Relief Act.

(Department of Local Government Finance; 50 IAC 4.2-15-4; filed Dec 7, 1988, 9:35 a.m.: 12 IR 892, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-5 Assessment of grain in storage

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 5. In order to provide for a uniform method of assessment of grain in storage, the state board has made the following determinations:

(1) Grain stored where produced. Grain stored on the farm or where produced shall be assessed and taxable in the taxing district where stored to the person who is the owner of said grain.

(2) Grain stored in a warehouse or grain storage facility: (A) Warehouse receipt grain. Grain stored in a warehouse or grain storage facility on which a commodity credit corporation loan has been made and/or stored under the Federal Warehousing Act shall be assessed and taxable in the taxing district where stored to the persons in whose name the warehouse receipt is outstanding. This type of grain can only be stored at facilities which are licensed and bonded under the Agricultural Commodities Warehousing Licensing and Bonding Law. Upon delivery of this grain to an elevator or other grain storage facility, the owner of said grain will receive a warehouse receipt stamped to indicate that said grain will be put into warehouse storage. The elevator or other grain storage facility is required to maintain sufficient grain in inventory at all times to cover kind, quantity, and grade equal to its storage obligations.

The warehouse receipt is a negotiable document and is accepted by county ASCS offices in obtaining commodity credit corporation loans.

The elevator or other storage facility will collect storage, drying, shipping, or handling charges from the owner of said grain.

(B) Open storage grain and grain bank. Grain stored at an elevator or other grain storage facility under conditions whereby the owner of the grain may subsequently have the grain returned, or may sell such grain, or exchange such stored grain for other commodities, and a grain receipt (including scale ticket or other depository paper) is given, shall be taxable in the taxing district where stored to the owner of such grain. The person in whose name such receipt or scale ticket is outstanding shall be presumed to be the owner of said grain. Where grain has been taken for storage at elevator (A) or other grain storage facility and all or part of such grain has been so relocated that the full quantity of grain covered by outstanding receipts cannot be taxed to the persons owning the receipt issued for such grain, the remaining grain shall be assessed where physically located to elevator (A) or the grain storage facility which caused the grain to be so relocated.

Open storage grain represents a situation whereby the owner delivers grain to an elevator or other storage facility and is charged for storage and drying costs. In return, the depositor of said grain retains ownership and control over the grain as

evidenced by the receipt (scale ticket) which should indicate “for storage only”. Many times this type of grain is used for trade to purchase commodities that the elevator or other storage facility would sell, such as fertilizer, chemicals, feed, etc.

Grain bank grain is usually delivered by the owner to the elevator or other storage facility at harvest time for temporary storage. At time of delivery to the storage facility a scale ticket will be issued designating “grain bank storage” and the elevator or other storage facility will maintain perpetual inventory records designating: owner's name and address, date of receipt and delivery, type and quantity of grain, balance, etc. Storage charges are usually lower than those charged for “open storage” because the storage facility benefits from the sale of supplements and additives when the depositor has the grain returned in the form of feed for livestock.

(C) The owner of grain shall file an assessment return declaring the assessment and liability for taxes in each taxing district where said grain was located as of March 1 of each assessment year.

Every elevator or other storage facility shall file a true and complete list of all owners to be assessed, including name and address, description, quantity, etc., for any property which it may hold, possess, or control in any capacity whatsoever on the assessment date and attach same as a part of its business personal property assessment return Form 103 (50 IAC 4.2-2-9).

In the event an elevator or other storage facility does not furnish a listing of property held, possessed, or controlled as of the assessment date so as to enable the property to be assessed and taxed to the owner, then the assessor shall assess and tax said property to the elevator or other storage facility so holding, possessing, or controlling the property.

(3) Grain owned by the elevator or other storage facility. All grain owned by an elevator or other storage facility must be reported on Form 103 (50 IAC 4.2-2-9) at the prices established by this board. Grain under a purchase contract and not in possession of the purchaser shall be taxed to the owner or seller of such grain to the extent that such grain has not been paid for and shall be taxed to the purchaser to the extent that payment has been made for such grain.

Grain delivered to the elevator or other storage facility under “price later” or “deferred pricing” contracts becomes the property of the elevator at the time of delivery and shall be assessed and taxed to the elevator if on hand on the assessment date. The actual purchase price for price later or deferred pricing grain has not yet been determined at the time of delivery to the elevator, however, all fungible whole grain commodities must be valued at the same prices by everyone throughout the state of Indiana and these prices will be established annually by this board.

The seller (farmer) is assessable for “price later” grain until delivery is made to the elevator at which time title, possession, and control is transferred to the elevator. At the time of delivery to the elevator or other storage facility the depositor receives a receipt (scale ticket) designating “deferred payment”.

Grain taken over or otherwise owned by the federal government shall be reported on the personal property assessment Form 103 (50 IAC 4.2-2-9) by the elevator or grain storage facility as being in its possession, however, no assessment shall be made on such grain since a deduction may be taken as “exempt” on such property.

All grain owned, held, possessed, or controlled must be reported by the taxpayer filing the return. If the taxpayer filing the return is not liable for the assessment of grain held, possessed, or controlled then he must file a true and complete list of those liable for said assessment.

All fungible whole grain commodities must be valued at the prices published annually by the state board.

All purchased supplies, other than fungible whole grain, must be reported at their total purchase price, including freight-in, with the thirty-five percent (35%) valuation adjustment deducted to arrive at true tax value.

(Department of Local Government Finance; 50 IAC 4.2-15-5; filed Dec 7, 1988, 9:35 a.m.: 12 IR 893, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-6 Assessment of farm commodities and livestock

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 6. (a) Under 50 IAC 4.2-5-1 and 50 IAC 4.2-7-1(b) the state board will prescribe the values to be utilized for the assessment of farm livestock and commodities in order to provide for a uniform method of assessment throughout the state of Indiana.

(b) In determining the values to be utilized for the assessment of farm livestock and commodities, the state board will consult with the agriculture department of Purdue University to determine the cost of production of fungible whole grain commodities and livestock as well as take into consideration the market value of said products as of the assessment date. After determining the values

of the various fungible whole grain commodities, livestock and poultry, the state board will consult with the farm committee prior to adopting the values to be utilized for the particular assessment year involved.

(c) In accordance with the Indiana Court of Appeals decision in *Lyon and Greenleaf Co., Inc. v. State Board of Tax Commissioners*, each fungible whole grain commodity must be assessed at the same value throughout the state of Indiana, regardless of ownership or effect of location on value, so long as the commodity is in its fungible raw condition.

However, certain livestock, poultry, seed, or other commodities with substantially more value than reflected in the values adopted by the state board must be reported at their true tax value. (Examples would be show horses, show livestock, prize race horses, and seeds.)

(d) The values adopted by the state board will be issued on an annual basis.

(e) Place of filing. A personal property tax return must be filed in each taxing district where property has a tax situs. A return may cover all business locations in a single township. However, if the property is located in two (2) or more taxing districts within the same township, a separate return must be filed reporting the property in each of the taxing districts. (*Department of Local Government Finance; 50 IAC 4.2-15-6; filed Dec 7, 1988, 9:35 a.m.: 12 IR 894, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-15-7 Assessment of refined petroleum products, marketing equipment, crude oil, and natural gas at wellhead

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 7. (a) Under 50 IAC 4.2-7-1 the following procedures will be utilized by the state board to determine the prices to be used for the assessment of certain petroleum products.

(b) The products covered by this section include crude oil, natural gas, grease, gasoline (all grades), motor oil (all grades), LP gas, and distillate fuel. Distillate fuel includes kerosene, fuel oil, tractor fuel, jet fuel, and diesel fuel.

(c) The price to be utilized for the valuation of crude oil and other petroleum products will be based upon commodity prices reported in the Oil Daily, Oil and Gas Journal, and the Wall Street Journal as of March 1 of the assessment year. Since these prices must be as of March 1 of each assessment year, we will issue the actual prices for each of these commodities shortly after March 1 of the assessment year.

(d) Inventories of these commodities at the refinery will be valued at the total cost pursuant to 50 IAC 4.2-5 while inventories of these same items at the other levels of trade, namely the terminal, bulk plant, and retail stations will be valued to include the sum of the applicable expenditures and charges directly or indirectly incurred to bring these items to their existing condition and location as of the assessment date.

(e) All petroleum prices shall be listed in the return at the prices adopted by the state board less the normal thirty-five percent (35%) valuation adjustment as provided in 50 IAC 4.2-5-13 and assessed at thirty-three and one-third percent (33⅓%) of that value.

(f) Under 50 IAC 4.2-7-2 the state board has determined in order to provide for a uniform method of assessment as set out in 50 IAC 4.2-4-5 and to obtain equalization in the assessment of petroleum industry marketing facilities, the state board establishes the useful life of all tangible personal property used in the marketing of petroleum products as being twelve (12) years with all such property being segregated into Pool No. 3 for Indiana property tax purposes. (*Department of Local Government Finance; 50 IAC 4.2-15-7; filed Dec 7, 1988, 9:35 a.m.: 12 IR 895, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-15-8 Assessment of leased data processing equipment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 8. (a) In recognition of the fact that certain intangible charges may be included in the base year value of the subject equipment, the board has authorized the following adjustment procedure:

(1) Base year value for leased data processing equipment shall be the current commercial published selling price for new equipment.

(2) If the current selling price as defined in subdivision (1) includes charges for one (1) or more of the following customer support services, such charges shall be allowable as an adjustment to base year value in Column B, Form 103 (50 IAC 4.2-2-9), to the extent that such charges can be segregated from the total selling price, supported by adequate records and such

adjustments clearly shown on Form 106 (50 IAC 4.2-2-9). Customer support services shall be limited to:

- (A) Educational services. Training and instruction in the use of electronic data processing equipment provided to the user thereof, such as on site education, classroom instruction, and educational publications.
- (B) Maintenance. This would be tests, measurements, replacements, adjustments, and repairs intended to keep data processing equipment in satisfactory working condition.
- (C) Application software. The application program is a written sequence of instructions which details the operations the equipment is to perform in order to achieve a specific objective of the user.

Any adjustment for the above enumerated purposes must be factually documented by the taxpayer and shall not exceed ten percent (10%) of the total base year valuation of subject equipment.

(b) If there is a question as to the qualification of certain items under this section, the taxpayer may request an administrative adjudication determination pursuant to the provisions of 50 IAC 4.2-1-6. The state board will review each request and issue its determination based upon the facts and evidence submitted by the taxpayer. (*Department of Local Government Finance; 50 IAC 4.2-15-8; filed Dec 7, 1988, 9:35 a.m.: 12 IR 895, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003*)

50 IAC 4.2-15-9 Assessability of state and federal taxes on liquor, wine, beer, and cigarettes including goods held in bonded warehouse

Authority: IC 6-1.1-31-1
 Affected: IC 6-1.1-31

Sec. 9. (a) Federal taxes, except income taxes, are considered to be part of the taxable cost of the product for inventory valuation purposes at all levels of trade.

(b) State taxes, without exception, are considered to be part of the taxable cost of the subject products at the retail level for inventory valuation purposes.

(c) In order to instruct taxpayers and local assessing officials in the proper procedure to be followed for inventory valuation purposes, the following information is provided:

- (1) Assessability of state excise taxes paid or incurred on liquor and/or wine inventories. State excise taxes are paid or incurred by wholesalers upon their purchase of liquor and/or wine. Therefore, the amount of state excise taxes paid or incurred on goods in inventory on March 1 must be included in determining the cost of those goods for property tax purposes.
- (2) Assessability of state taxes on beer and cigarettes:
 - (A) Beer excise tax. The per case tax levied on beer at the brewery becomes part of the taxable inventory value at the wholesale and retail level of trade. Since this tax is levied on the sale by the brewery, such tax is not assessable to the brewer for his inventory on hand March 1.
 - (B) Cigarette tax stamps. Tax stamps which have been affixed to cigarettes at the wholesale level become part of the taxable inventory value at the wholesale and retail level of trade.

Following is a summary of the assessability of state and federal taxes at the various levels of trade:

	Federal Taxes	State Taxes
Distillers/Manufacturers	Assessable	Not assessable
Wholesalers	Assessable	State taxes on beer, liquor, and wine are assessable. Tax stamps if affixed on cigarettes are assessable.
Retailers	Assessable	Assessable

(3) Assessability of goods held in bond. Goods held in bond on March 1 includes [*sic.*] products which are imported from foreign countries and placed in the custody of agents of the federal government until custom duties and federal excise taxes, imposed by the federal government, have been paid. Federal law permits the importation of alcoholic beverages into this country and the transportation of same to a port of entry within the inland United States without the payment of custom duties or federal excise taxes. However, these goods must then be stored in a separately designated enclosed area (bonded warehouse), which is normally owned by the taxpayer but under the custody of a federal customs and excise tax agent, until the taxpayer (consignee) desires to pay the duties and taxes and take possession of the goods.

Customs duty and federal excise taxes on "goods held in bond" are not due and payable until such time as the goods are with-

drawn from bond, therefore, these costs are not includable in determining the cost of bonded inventories for property tax purposes.

Since the taxpayer has incurred a liability or paid the foreign source for the cost of the imported goods in bond he is considered the owner of such goods. It is he who controls when the goods will be withdrawn from the bonded warehouse by paying the customs duty and federal excise tax. Also, consideration was given to the fact that the goods in custom bond receive the same local services, such as police and fire protection, as do the domestically produced goods which are also subject to personal property taxes. These goods have arrived at their destination in the bonded warehouse and are assessable in the amount of the purchased cost of the merchandise, (excluding custom duty and federal excise tax), plus freight in to the location of the bonded warehouse and allocable expenses (50 IAC 4.2-5-5(c)).

(Department of Local Government Finance; 50 IAC 4.2-15-9; filed Dec 7, 1988, 9:35 a.m.: 12 IR 896, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-10 Assessment of used equipment, appliances, vehicles, and other tangible personal property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 10. (a) Under 50 IAC 4.2-7-1 this section is promulgated for the purpose of valuing the subject personal property.

(b) Used equipment and appliances. Used equipment under this section, shall include but not be limited to, automobiles, trucks, farm implements, campers, camping equipment, mobile homes, household appliances, and any other personal property of any nature purchased, taken in trade, otherwise being held for sale in the ordinary course of a trade or business, or held for the production of income.

(c) Used equipment held for sale as defined herein shall be reported as inventory at cost pursuant to 50 IAC 4.2-5-5 with the following exceptions:

(1) When cost is lower than average wholesale value (low trade-in value less repairs) as specified in the prescribed publications, the average wholesale value (low trade-in value less repairs) shall be the reported value.

(2) When cost is greater than average retail value (high trade-in value less repairs) as specified in the prescribed publications, the average retail value (high trade-in value less repairs) shall be the reported value.

(d) Prescribed publications:

Automobiles. Current Red Book, Official Used Car Valuation for Region A, published by National Market Reports, Inc., Maclean Hunter Bldg., 29 N Wacker Drive, Chicago, IL 60606.

Trucks. Current Blue Book, Official Used Truck Valuation for Region A, published by National Market Reports, Inc., Maclean Hunter Bldg., 29 N Wacker Drive, Chicago, IL 60606.

Intertec Publishing: Trade-In Guides:

- Truck Campers and Motor Home Trade-In Guide
- Camping Trailer and Travel Trailer Trade-In Guide
- Official Snowmobile and ATV Trade-In Guide
- Outboard Motor Trade-In Guide Blue Book
- Inboard and Outdrive Boat Trade-In Guide Blue Book
- Outboard Boat Trade-In Guide Blue Book
- Boat Trailer Trade-In Guide Blue Book
- Sailboat Trade-In Guide Blue Book
- Pontoon House Boat Trade-In Guide Blue Book
- Lawn, Garden and Farm Tractor Trade-In Guide

The Trade-In Guides are published by Intertec Publishing Corp., P.O. Box 12901, Overland Park, Kansas 66212.

(Department of Local Government Finance; 50 IAC 4.2-15-10; filed Dec 7, 1988, 9:35 a.m.: 12 IR 897, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-11 Reporting requirements and disclosure of information

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 11. (a) Confidential returns. Following will be found the complete text of IC 6-1.1-35-9, pertaining to the confidential nature of information shown on certain assessment returns.

IC 6-1.1-35-10, IC 6-1.1-35-11, IC 6-1.1-35-12 and IC 6-1.1-37-2 also provide penalties for unauthorized disclosure of confidential information.

Prescribed Forms 102, 103, 103-I, 103-N, 103-O, 103-P, 103-R, 103-T, 103-W, and 106 (50 IAC 4.2-2-9), together with any schedules or other information attached thereto, are confidential and should not be disclosed to any person unless specifically authorized by law.

Because of the serious penalties, it is extremely important that confidential returns be preserved in a locked file or other place of safe keeping, where they cannot fall into unauthorized hands. Also, the returns should not be left unattended at any time when removed from such filing place for use of assessing officials.

IC 6-1.1-35-9 Confidential information; disclosure.

Sec. 9. (a) All information which is related to earnings, income, profits, losses or expenditures and which is either given by a person to an assessing official or acquired by an assessing official in the performance of his duties is confidential. The assessed valuation of tangible property is a matter of public record and is thus not confidential. Confidential information may be disclosed only in a manner which is authorized under subsection (b), (c), or (d) of this section.

(b) Confidential information may be disclosed to an official or employee of:

(1) this state or another state;

(2) the United States; or

(3) an agency or subdivision of this state, another state, or the United States;

if the information is required in the performance of his official duties.

(c) The following state agencies, or their authorized representatives, shall have access to the confidential farm property records and schedules which are on file in the office of a county or township assessor:

(1) the Indiana state board of animal health, in order to perform its duties concerning the discovery and eradication of farm animal diseases;

(2) the department of agricultural statistics of Purdue University, in order to perform its duties concerning the compilation and dissemination of agricultural statistics; and

(3) any other state agency which needs the information in order to perform its duties.

(d) Confidential information may be disclosed during the course of a judicial proceeding in which the regularity of an assessment is questioned.

(e) Confidential information which is disclosed to a person under subsection (b) or (c) of this section retains its confidential status. Thus, that person may disclose the information only in a manner which is authorized under subsection (b), (c), or (d) of this section.

(b) Signature of authorized person required. It is important to understand two (2) basic features of personal property assessment returns that distinguish them from real property assessments:

(1) self-assessment returns; and

(2) signed by the taxpayer under the penalty of perjury that it is a true, correct, and complete return.

In assessing real property, the assessing official is charged with the duty to assess the property in accordance with the rules prescribed by the state board (50 IAC 2.1 [50 IAC 2.1 was repealed filed Sep 14, 1992, 12:00 p.m.: 16 IR 662, eff Mar 1, 1995; errata filed Dec 1, 1992, 5:00 p.m.: 16 IR 1178. See 50 IAC 2.2]). In this case, the assessing official has been trained in the methods for assessing real estate and he/she initiates the assessment of this type of property and notifies the taxpayer.

Personal property, on the other hand, is a self-assessment method of taxation requiring the taxpayer to complete the assessment return in accordance with the rules prescribed by the state board (this article).

The township assessor's responsibility is defined in IC 6-1.1-3-6, IC 6-1.1-3-7, and IC 6-1.1-3-14. This language clearly demonstrates that personal property returns are required to be self-assessment returns prepared and signed by the taxpayer (authorized person) "under the penalties of perjury" that it "is a true, correct and complete" return and that it is prepared in accordance with IC 6-1.1 et seq. as amended, and rules promulgated with respect thereto.

The taxpayer is responsible for the accuracy of the information on the return, that it is a complete return, and that it has been prepared in accordance with the law and rules of the state board. The following examples demonstrate why 50 IAC 4.2-2-9(e), provides that a return form is not valid unless it is signed under the penalties of perjury by a person authorized to file such return.

EXAMPLE 1

Return not signed by taxpayer. Return prepared by assessor prior to May 15. The taxpayer refuses to pay the tax bill when received and demands to know what generated the potential tax liability. The county treasurer sends the taxpayer to the township assessor's office since he maintains the files which caused the tax bill to be sent. The assessor produces an assessment return which is not dated or signed by the taxpayer.

The taxpayer might challenge the assessment as being incorrect, not prepared from information provided by him and proceed to court.

The taxpayer may deny that he was present when the assessor prepared the return.

The taxpayer points out that the law requires a self-assessment return be filed.

What is the assessor's defense if he prepared the assessment prior to the taxpayer's filing deadline? The assessor had no statutory authority to act until after the taxpayer's filing deadline (May 15) had expired.

EXAMPLE 2

Return not signed by taxpayer. Return received via mail reflecting a one hundred ninety-five thousand five hundred dollars (\$195,500) assessed value. The taxpayer refuses to pay the tax bill when received and demands to know what generated the potential tax liability.

Who prepared and sent the return?

What if the business listed denies that they prepared the return? There is no documentation that the owner or any particular employee prepared the return.

Maybe his computer prepared the return and the correct assessment should be eighty-five thousand two hundred dollars (\$85,200).

How can you, as assessor, prove that the taxpayer prepared the return? You can't because it's not signed and dated.

The township assessor should provide whatever assistance is reasonable and necessary to ensure that the taxpayer may file a correct tax return. This would include:

- (1) furnishing copies of assessment return forms;
- (2) providing copies of this article and amendments;
- (3) providing copies of rules and/or instructional bulletins applicable to that business (for example, 50 IAC 4.2-15-7, for petroleum prices prescribed); and
- (4) answering any questions on how to properly file an assessment return, etc.

If an assessing official does assist in the preparation of the return form from information supplied by the taxpayer because he simply doesn't understand how to fill it out, that official should be sure to explain each step as they go through the return so that the taxpayer understands what is being done and that what he is signing is true and correct. The taxpayer must sign and date the return in all cases.

(c) Assessor's duties if no return is filed by due date. If no return has been filed by the taxpayer by the due date, and the assessor acts to assess the property after May 15, he is authorized by law to do so. In fact, he is required to notify the county auditor that a twenty-five dollars (\$25) penalty should be applied to the taxpayer's tax bill since the taxpayer did not file a return by the due date. At this point, the assessor has two (2) options:

Option 1: The assessor may examine the books and records of the taxpayer and assess the personal property to the person in conformity with IC 6-1.1-3-15.

Option 2: As an alternative, the assessor may estimate the value of the personal property and assess the taxpayer. However, the taxpayer may elect to file a return by June 14 subject to the penalties imposed by IC 6-1.1-37-7.

(d) Reporting requirements; adjustments. There are three (3) basic types of adjustments and each type has its own requirements. Each type will be discussed separately, however, there are common requirements which must be met in order to qualify for an adjustment. The state board is requiring a full and complete disclosure of all items that affect the values being reported on the personal property return.

The three (3) types of adjustments are:

- (1) exemptions;
- (2) allowable adjustments; and
- (3) mandatory adjustments.

In order to ensure consistency, the personal property return must be regarded as consisting of the return forms (Form 102 or 103 and Form 104 (50 IAC 4.2-2-9)) and all of the supplemental schedules that are attached to or filed with the return form. This is the principle of the "complete return package", which contains all of the information the state board requires to be reported.

The state board is establishing the following reporting requirements in order to obtain uniformity in the treatment of all taxpayers:

(1) Exemptions. "Exemption" means a situation where a certain type of property, or the property of a certain kind of taxpayer, is not taxable (IC 6-1.1-1-6). There are three (3) basic types of exemptions which are permitted to be claimed on the annual business personal property return that are available to a taxpayer. These exemptions include:

- (A) air pollution control equipment;
- (B) industrial waste control equipment; and
- (C) inventory exemptions, including:
 - (i) interstate commerce;
 - (ii) government-owned; and

(iii) driver's education automobiles.

With one (1) exception, these exemptions must be claimed in the personal property return. IC 6-1.1-11-1, states that an exemption is a privilege which may be waived by a person who owns tangible property that would otherwise qualify for the exemption. If the owner does not comply with the statutory procedures for obtaining an exemption, he waives the exemption. If the exemption is waived, the property is subject to taxation.

Clearly, if a person does not claim an exemption, he has waived his right to that exemption. In addition, the state board has held that a person is entitled to an exemption not to exceed the amount claimed on the return.

Please keep in mind that the property must meet the requirements of the individual exemption statutes. These reporting requirements assume that the property meets all of the other requirements.

In order to meet reporting requirements, air pollution control equipment must be shown on either Form 103-P or on Line 4, Schedule A of Form 103 (or Line 3, Schedule A of Form 102) (50 IAC 4.2-2-9). This meets its statutory requirement that it be shown on the return.

Industrial waste control equipment (better known as water pollution control equipment) must be shown on Form 103-P or on Line 5, Schedule A of Form 103 (or Line 3, Schedule A of Form 102) (50 IAC 4.2-2-9). In addition a claim must be filed with the department of environmental management by certified or registered mail. These requirements conform to IC 6-1.1-10-10 which requires the taxpayer to file a claim with the return and to also file a claim with the department of environmental management.

Provided it meets the statutory requirements, inventory in interstate commerce must be shown on either Form 103-W or on Line 19, Schedule B of Form 103 (50 IAC 4.2-2-9) to receive the exemption.

Driver education vehicles that meet the requirements of 50 IAC 4.2-12-12, must be shown on either Form 106, Form 103-W, or on Line 19, Schedule B of Form 103 (50 IAC 4.2-2-9).

The one (1) exception is government-owned inventory. A taxpayer who has government-owned inventory need not show it on the return in order to receive the exemption.

It should be shown as exempt on the return, but if it is not shown, the taxpayer is still entitled to the exemption.

It should be noted that when the reporting requirements have been met, but for some reason the exemption is not allowed, the amount disallowed is an interpretive difference as outlined in 50 IAC 4.2-2-10(d) and is not subject to the omitted or undervalued personal property tax penalty.

However, when items that would otherwise qualify for an exemption are omitted from the return, the property is taxable, because the exemption was waived, and the omitted and undervalued personal property tax penalty must be applied.

(2) Allowable adjustments. Allowable adjustments can be defined as an adjustment that affects the value of personal property when the adjustment is truly elective. The taxpayer must elect the adjustment when the return is filed. If the taxpayer fails to properly elect the adjustment when the return is filed, the taxpayer is not entitled to the adjustment. The adjustment is not mandatory.

The allowable adjustments include:

- (A) average inventory adjustment; and
- (B) alternative method of valuing inventory.

IC 6-1.1-3-9 requires that a taxpayer make a complete disclosure of all information, required by the state board, which is related to the value, nature, or location of personal property on his personal property tax return for that year. This requires a full disclosure return.

The average inventory adjustment is somewhat different in that IC 6-1.1-3-11 and IC 6-1.1-3-12, contain specific language regarding the adjustment.

A taxpayer who wishes to elect the average method must notify the township assessor of the election when he files his personal property return. The election is binding for all future years, unless written permission of the state board is given, and must be used for all locations in Indiana. The taxpayer must also keep books that clearly show the inventory on hand.

The alternative method of inventory valuation, which is available only to manufacturers and processors, is very similar to the average method of inventory valuation, except that the requirements for this method are contained in 50 IAC 4.2-5-7. Like the average method, the taxpayer must elect the alternative method when he files the return, must use the method at all locations in Indiana, and may not change to any other method unless written permission is given by the state tax board.

Consistent with the state board's "complete return package" principle, the reporting requirements for allowable adjustments are similar to the requirements for exemptions.

For the average inventory adjustment, an amount should be shown on Schedule B, Line 11 of Form 103-Long or the calculation of the adjustment on Form 106 (50 IAC 4.2-2-9). Without one (1) of these entries on the return, the township assessor has no way of knowing the taxpayer has actually elected the average inventory method.

The computation of the alternative method should be attached to the return and/or shown on Form 106 (50 IAC 4.2-2-9), or some other indication that the alternative method is being elected should be shown on the return. Such indication may include the surrender of the thirty-five percent (35%) valuation allowance on finished goods and work in process.

The answers to question #8 on the front of Form 103 (50 IAC 4.2-2-9), may indicate whether or not the average or alternative inventory methods have been elected. However, the intent of the taxpayer as evidenced by computations on his return is the best indicator of whether or not either of these methods has been elected.

(3) Mandatory adjustments. The remaining adjustments are mandatory adjustments that must be made regardless of whether or not they were claimed or shown on the personal property return.

Mandatory adjustments reflect the value of personal property required to be reported in conformity with the provisions of this article. Therefore, regardless of whether the taxpayer shows the adjustment in his/her filing rendition, the assessing official must make the adjustment in order to arrive at the proper value for assessment purposes per the mandates of this article. Permanently retired equipment and abnormal obsolescence are adjustments which should be recognized to the extent that the property qualifies and the taxpayer is able to substantiate the facts, circumstances, and amount of the claim in order to properly determine the true tax value of the subject property.

The mandatory adjustments for depreciable assets include:

- (A) adjust to federal tax basis;
- (B) add fully depreciated property still in use but written off;
- (C) add cost of installation and foundation applicable to depreciable personal property;
- (D) equipment not placed in service;
- (E) valuation of special tooling;
- (F) permanently retired equipment;
- (G) valuation of commercial aircraft and interstate motor truck carriers;
- (H) abnormal obsolescence;
- (I) true tax value limited to thirty percent (30%) of adjusted cost;
- (J) true tax value % factors applicable to each year's acquisitions;
- (K) placement by year of acquisition in the proper pool based upon life utilized for computing cost recovery (depreciation) for federal tax purposes; and
- (L) assessment ratio of thirty-three and one-third percent (33⅓%) of true tax value.

The mandatory adjustments for inventory include:

- (A) adjust book inventory to March 1;
- (B) add unrecorded inventory;
- (C) adjust to "first-in-first-out" (FIFO);
- (D) add manufacturing overhead not included in inventory;
- (E) add allocable costs of wholesalers or retailers not included in inventory;
- (F) add freight-in not included in inventory;
- (G) add royalties, editorial, license, or copyright fees not included in inventory;
- (H) add taxes (other than state, local, and foreign income taxes) not included in inventory;
- (I) deduct inventory recorded but not received;
- (J) deduct purchase or trade discounts;
- (K) adjustment from standard to actual cost;
- (L) abnormal obsolescence;
- (M) thirty-five percent (35%) valuation adjustment if the alternative method is not elected; and
- (N) assessment ratio of thirty-three and one-third percent (33⅓%) of true tax value.

With the exception of the valuation of permanently retired equipment and abnormal obsolescence, these adjustments for depreciable assets and inventory are not interpretive differences. They are adjustments which must be applied to any omitted or undervalued property when discovered. Any resulting differences in assessment between the amount reported by the taxpayer and the amount of assessment determined by the assessing official after making all mandatory adjustments is *[sic.]*

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subject to the twenty percent (20%) penalty, while interpretive differences (exemptions, valuation of permanently retired equipment, and abnormal obsolescence claimed on return filed) and math errors on the face of the return are not subject to the penalty.

(4) Additional requirements. As previously mentioned, IC 6-1.1-3-9, requires that a taxpayer make a complete disclosure of all information, required by the state board, that is related to the value, nature, or location of personal property. If for any reason an assessing official should have a question regarding an adjustment, or when an adjustment is taken but not fully explained, or the computation is not attached as required, then the assessing official should request that the taxpayer submit the necessary information. This will enable all assessing officials to carry out their statutory duties of examining returns each year to determine if they substantially comply with the rules of the state board.

(Department of Local Government Finance; 50 IAC 4.2-15-11; filed Dec 7, 1988, 9:35 a.m.: 12 IR 897, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-12 Assessment of outdoor advertising signs

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 12. Pursuant to the provisions of 50 IAC 4.2-1-5 and 50 IAC 4.2-7 the state board of tax commissioners has adopted the following schedule of values to be utilized in the assessment of various sizes of outdoor advertising signs.

The values per sign facing were determined in accordance with the provisions of 50 IAC 4.2-4, for the valuation of depreciable tangible personal property. The values were determined recognizing a fifteen (15) year useful life for federal tax purposes and applying the Pool #4, true tax value percentage factors as provided for in 50 IAC 4.2-4-7. These values must be used throughout the state of Indiana in assessing these outdoor advertising signs to provide for a uniform and just valuation.

The supplemental Schedule #2 listing of signs by location and address will provide the assessing official adequate information with which to insure that all signs are being properly reported in his taxing jurisdiction. The total true tax value form Schedule #2 is to be transferred to Form 103, Schedule A, lines 61 and 69 (50 IAC 4.2-2-9), and added to the value of other depreciable property, if any, for each taxing district where the property is located. In addition, the Form 105, Business Tangible Personal Property Summary of Returns (50 IAC 4.2-2-9), is required to be filed with the state board on or before July 15 of the assessment year.

Approved by the State Board
of Tax Commissioners for Use
by Outdoor Advertising Companies

Supplemental Schedule of
Tangible Personal Property
Reported on form 103

Name of Taxpayer _____
 Address _____ City or Town _____
 Property Location _____
County Township Taxing District

Schedule I Unit Values Per Face For
The March 1, _____ Assessment Date

Description and Type of Sign	Unit Value Per Face	Description and Type of Sign	Unit Value Per Face
<u>Single Pole Structure</u>		<u>Other Billboards</u>	
48' and over, Illuminated	\$1,550	50' and over, Illuminated	\$780
48' and over, Non-Illuminated	1,440	50' and over, Non-Illuminated	690
26' to 47', Illuminated	1,150	40' to 50', Illuminated	610
26' to 47', Non-Illuminated	1,030	40' to 50', Non-Illuminated	520
25' and under, Illuminated	580	30' to 40', Illuminated	400
25' and under, Non-Illuminated	490	30' to 40', Non-Illuminated	350

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	20' to 30', Illuminated	250
	20' to 30', Non-Illuminated	210
	Under 20', Illuminated	130
	Under 20', Non-Illuminated	100

SCHEDULE II LIST TYPES OF SIGNS AND NUMBER OF FACES BEING REPORTED ON THIS RETURN

Description of Sign	Location of Property	Address of Property	# of Faces	Unit Value per Face	Total TTV
Total True Tax Value—To Form 103, Schedule A, Lines 61 and 69					

(Department of Local Government Finance; 50 IAC 4.2-15-12; filed Dec 7, 1988, 9:35 a.m.; 12 IR 902, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-13 Assessment of interstate motor truck carriers under the international registration program

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1

Sec. 13. (a) Indiana has joined with other states in an agreement dealing with the registration of certain vehicles used in interstate commerce. This agreement is commonly known as the international registration plan (IRP). The purpose of this section is to address the assessment of this property now that Indiana has joined the IRP.

(b) International registration plan. Under the IRP, trucks (mandatory for trucks licensed for more than twenty-six thousand (26,000) pounds or having more than two (2) axles, optional for those trucks between sixteen thousand (16,000) and twenty-six thousand (26,000) pounds), trailers, semi-tractors, and other related vehicular equipment used and operated in interstate commerce are registered on a business address basis, no matter where the vehicle is actually situated. Companies choosing to register their vehicles in Indiana will register directly with the bureau of motor vehicles in Indianapolis rather than at the local county license branches. Registration fees collected will be distributed to the states in the IRP on a mileage apportionment basis.

Since vehicles will be registered on a business address basis, any attempt to base assessments on where the vehicles are registered will only create confusion. This is because Indiana situated vehicles may be registered in other IRP states, and non-Indiana situated vehicles may be registered in this state under the plan. In addition, vehicles may be registered at one (1) business address, even though the vehicles may have situses in different taxing districts within the same state.

Therefore, the registration and licensing tool of discovery is no longer of any benefit to assessing officials. Additionally, assessing officials will no longer receive copies of these vehicle registrations from their local license branches.

Assessors should remember that the business personal property assessment return, Form 103, is a self-assessment return subject to examination by the assessing official. IC 6-1.1-3-14 provides in part that:

The township assessor shall examine and verify the accuracy of each personal property return filed with him by a taxpayer. If appropriate, the assessor shall compare a return with the books and records of a taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer.

Therefore, the assessing official has the authority and the means to verify the accuracy of the property and its appropriate dollar value as represented on the return filed by a taxpayer.

(c) Statutory and regulatory provisions. The applicable statutory provisions governing the assessability of property and the proper place of assessment are contained in IC 6-1.1-2-1 and IC 6-1.1-3-1.

IC 6-1.1-2-1 provides that all tangible property which is within the jurisdiction of the state on the assessment date of a year is subject to assessment and taxation unless specifically exempted.

The statute determining the proper place of assessment is IC 6-1.1-3-1 and is entitled "Residence and Non-Residence; Place of Assessment; Evidence of Filing". This section provides as follows:

Resident. A person who is a resident of this state shall be assessed at the place where the owner resides on the assessment

date of the year for which the assessment is made, unless the personal property is regularly used or permanently located where it is situated (as of March 1 of the assessment year).

Non-resident. A person who is not a resident of this state shall be assessed at the place where the owner's principal office within the state is located on the assessment date of the year for which the assessment is made unless the personal property is regularly used or permanently located where it is situated (on March 1 of the assessment year).

50 IAC 4.2-10-3, provides for the assessment of interstate motor truck carriers and provides that:

In general, the fleet of trucks, trailers, or other related vehicular equipment which is subject to assessment is the interstate fleet that a taxpayer owns, holds, possesses, or controls and that are used and operated in interstate commerce.

50 IAC 4.2-10-3, contains a "dual reporting requirement" to assist the assessing official in the discovery of property subject to assessment in the various taxing districts throughout the state via Forms 103-O and 103-N (50 IAC 4.2-2-9). The section provides:

Owner Must File Form 103-O

(1) The owner of any business personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation on his business personal property tax return, Form 103 (50 IAC 4.2-2-9), in the taxing district where the property had a tax situs on the assessment date. The owner of business personal property who transfers possession to another person, shall also furnish a complete informational listing on Form 103-O (50 IAC 4.2-2-9).

Form 103-O (50 IAC 4.2-2-9), must show the name and address of the person in possession, model, description, location, quantities, and value of such property, and shall be attached to the business personal property return, Form 103 (50 IAC 4.2-2-9).

Possessor Must File Form 103-N

(2) Any interstate carrier holding, possessing, or controlling trucks, trailers, or other related vehicular equipment, subject to assessment and taxation on the assessment date, is required to furnish an informational listing on Form 103-N (50 IAC 4.2-2-9), of all not owned property. Form 103-N (50 IAC 4.2-2-9), must be filed in the taxing district where the property had a tax situs, and must show the names and addresses of the lessors and a description of the property.

(d) Assessment. In general, the fact that Indiana joined the IRP does not affect the assessability of interstate trucks, nor is the place of assessment affected. The indices of tax situs other than registration and licensing continue to exist. The indices of tax situs include, but are not limited to, the following:

- (1) The physical presence of the personal property as of March 1.
- (2) The location of the property when not in use as of March 1.
- (3) The normal and regular use of the personal property.
- (4) The point of origin and termination of revenue producing activities.
- (5) The type of facilities the owner or lessee of the personal property has in this state.
- (6) The degree of control exercised by the owner and/or lessee over the personal property from a terminal, office, or other facility within the state.
- (7) Who has possession of the personal property as of the assessment date.
- (8) The type of lease(s) to which the property is subject.

It is important to note that any one (1) or more of the above indices may establish the place of tax situs for the personal property.

To be subject to personal property assessment and taxation in the state of Indiana, the personal property must establish a nexus or tax situs here as of March 1, the assessment date. To establish a tax situs, the personal property must have a physical presence here and receive benefit of the services provided by the property tax. Also, the physical presence test must be something other than of a transitory nature, i.e., passing through the state on its journey from one (1) out-of-state location to another as of the assessment date. Personal property can also establish a tax situs if the property normally has a physical presence here during the tax year but happens to be in transit out-of-state as of the assessment date, i.e., the vehicle normally operating out of an Indiana terminal, being dispatched or at rest when not in use, but in transit out-of-state on March 1.

(e) Discovery and assessment procedures. Assessing officials should remember that the law governing the assessment of this property has not changed, but only one (1) tool of discovery, namely licensing, has been changed. Other methods of discovery still exist which can be very effective. Some of these methods are:

- (1) Examining the prior year's business personal property assessment returns (Form 103 and 103-I (50 IAC 4.2-2-9)) of the interstate motor truck carriers in your taxing district. Assessor's [*sic.*] should remember that the IRP will apply to private carriers as well as contract and public carriers, and should be watchful of, for example, manufacturers or wholesalers who

may have vehicles subject to the IRP.

(2) The dual reporting requirement for leased property (mentioned above) is an excellent source of information for determining whether or not property has been reported for assessment.

(3) As previously mentioned, assessing officials have the authority to examine a taxpayer's books and records in order to determine if all property has been reported for assessment.

The assessment of this property is very similar to that of other tangible depreciable personal property with one (1) exception. Interstate motor trucks qualify for an allocation factor under 50 IAC 4.2-10-3(f). The allocation factor is computed as follows:

Allocation factor. The allocation factor to determine the portion of the fleet assessable for Indiana property tax purposes is to be determined by dividing the total Indiana miles of the fleet which operates in interstate commerce by the total miles of such fleet traveled throughout the entire system.

The property of an interstate motor truck carrier is reported on Form 103-I (50 IAC 4.2-2-9).

(f) Answers to common questions. The following are answers to questions commonly asked regarding the assessment of interstate motor truck carriers.

(1) Q: If a carrier has previously licensed trucks in several Indiana counties but will now consider all of its equipment as one (1) fleet with a base in just one (1) county, how will property tax be assessed on these units?

A: Indiana law provides in IC 6-1.1-3-7 and IC 6-1.1-3-10 that a taxpayer who owns, holds, possesses, or controls personal property shall file separate personal property returns in each taxing district within the state where he had property located and regularly used. This rule applies whether or not the taxpayer is a resident or non-resident of the state.

(2) Q: Will the tax situs be determined by the base location chosen for licensing/registration purposes or will the tax situs be determined by other factors? (In a few cases, a carrier could even have multiple facilities within the same county but in different taxing districts.)

A: No, the tax situs will not be determined by the location chosen for licensing/registration. (See the answer to Question 1 above.)

(3) Q: Under IRP, an owner/operator has the option of registering a truck which he owns in his own name or in the name of the carrier he is leased to. Previously, most of these units were registered by the carrier in the carrier's base location.

A: 50 IAC 4.2-2-5, provides:

(A) Owner. The owner of any tangible property on the assessment date of a year is liable for the taxes imposed for that year on the property.

(B) Possessory interests. A person holding, possessing, or controlling any tangible property on the assessment date of a year is liable for the taxes imposed for that year on the property unless he establishes that the property is being assessed and taxed in the name of the owner, or the owner is liable for the taxes under a contract with that person and that person timely files a correct Form #103-N supplemental information return.

When a person other than the owner pays any property taxes as required by this section, that person may recover the amount paid from the owner unless the parties have agreed to other terms in a contract.

Therefore, a vehicle "predominantly" under lease to a carrier as of March 1 of an assessment year must be reported by that carrier at the terminal or base of operation where regularly used regardless of whose name the vehicular equipment is registered to unless the carrier can establish that the property is being assessed and taxed to the owner/operator at that tax situs.

(4) Q: If an owner/operator decides to register such a truck, in his own name in his home county rather than the carrier's county, which jurisdiction's property tax applies?

A: Individual owners/operators, independent brokers, or owners of vehicular equipment temporarily leased may report said vehicular equipment at the location where the owner resides if a resident of this state. If the owner is a non-resident of this state, the vehicular equipment may be assessed at the owner's principal office within the state if that is where the vehicle is normally kept and maintained. This may be evidenced by the fact that the owner/operator takes the vehicle home at the end of a trip and starts from home on his next trip.

(Department of Local Government Finance; 50 IAC 4.2-15-13; filed Dec 7, 1988, 9:35 a.m.; 12 IR 904, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

50 IAC 4.2-15-14 Present value of personal property leases

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-31

Sec. 14. Pursuant to 50 IAC 4.2-8-7(d) the board has prescribed the following for the computation of the present value of leased personal property:

- (1) If ownership of the property is transferred to the lessee (or may transfer if one (1) of the parties exercises an option) at or before the end of the lease, the term of the lease shall be the term used for computation of the present value.
- (2) If title to the property is not transferred to the lessee, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.
- (3) If the length of the lease is not specific, the prescribed federal tax depreciable life of the asset at the inception of the lease shall be the term for computing the present value.
- (4) If the lease contains a "balloon" or "bubble" payment, such payment must be included in the present value computation. A "balloon" or "bubble" payment is a lump sum payment scheduled at the inception of, during, or at the conclusion of the lease.
- (5) If the lease indicates the rate of interest included in the payments, such rate shall be used for computing the present value.
- (6) If no interest rate is stated in the lease, the rate to be used in the computation shall be the prime commercial bank loan rate (per Indiana National Bank, Indianapolis) on the March 1 nearest to the inception of the lease.

The interest rates to be used for March 1 of certain years is [sic.] as follows:

Year	Interest Rate	Year	Interest Rate
1988	8.50%	1982	16.50%
1987	7.50%	1981	18.50%
1986	9.50%	1980	16.50%
1985	10.50%	1979	11.75%
1984	11.00%	1978	8.00%
1983	10.50%		

The state board shall publish subsequent rates annually.

- (7) If the amount of any payment(s) (including balloon payments) is not known at the inception of the lease, the present value of the lease payments cannot be computed, and therefore may not be used as the base year value for personal property tax reporting purposes.
- (8) If the present value computed in accordance with this section does not result in a reasonable valuation when other facts and circumstances are considered, the computed present value may not be used as the base year value.

EXAMPLE 1

XYZ leased a machine in December, 1982. The term of the lease is seven (7) years, and title to the equipment transfers to XYZ at the end of the lease. The monthly lease payments as stated in the lease are two hundred dollars (\$200) and the option purchase price at the end of the lease is two thousand dollars (\$2,000). The present value of the lease payments at the inception of the lease would be computed as follows:

- P (monthly payment) = \$200
- i (monthly interest) = 0.875% (10.50%/12)
- N (number of payments) = 84 (7 yrs × 12 mos)
- B (balloon payment) = \$2,000

PV of monthly payments + PV of Balloon = \$11,861.92 + 962.08 = \$ 12,824 = Base Year Value of Leased Machine

EXAMPLE 2

ABC leased a piece of equipment in June, 1986. The term of the lease is four (4) years, but title to the property does not transfer to ABC. The prescribed depreciable life of the item for federal tax purposes (in effect at the inception of the lease) was five (5) years. The lease calls for monthly lease payments of one hundred fifty dollars (\$150). The present value of the lease payments at the inception of the lease would be computed as follows:

P = \$150

$i = 0.79167\% (9.50\%/12)$

$N = 60 (5 \times 12)$

$PV = \$7,142.22 = \text{Base Year Value of Leased Equipment}$

(Department of Local Government Finance; 50 IAC 4.2-15-14; filed Dec 7, 1988, 9:35 a.m.: 12 IR 906, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)

Rule 16. Severability

50 IAC 4.2-16-1 Severability

Authority: IC 6-1.1-31-1

Affected: IC 1-1-1-8

Sec. 1. If any section or part of any rule of this article or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect the other sections, parts, or applications of this article which can be given effect without the invalid section of any rule; and to this end the provisions of this article are severable. *(Department of Local Government Finance; 50 IAC 4.2-16-1; filed Dec 7, 1988, 9:35 a.m.: 12 IR 907, eff Mar 1, 1989; reinstated by IC 6-1.1-3-22, eff Jul 1, 2003)*

ARTICLE 4.3. ASSESSMENT OF TANGIBLE PERSONAL PROPERTY (VOIDED)

NOTE: Under P.L.192-2002(ss), SECTION 28, 50 IAC 4.3 and any other rule to the extent that it conflicts with IC 6-1.1-3-22, is void. Effective January 1, 2003.

ARTICLE 5. PUBLIC UTILITY ASSESSMENT (REPEALED)

(Repealed by Department of Local Government Finance; filed Dec 15, 1993, 5:00 p.m.: 17 IR 969)

ARTICLE 5.1. PUBLIC UTILITY ASSESSMENT

NOTE: Reinstated by IC 6-1.1-8-44, effective July 1, 2003.

Rule 1. Definitions

50 IAC 5.1-1-1 Applicability

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 1. (a) The definition [*sic.*] in this rule apply throughout this article.

(b) Unless otherwise indicated, the definitions contained in 50 IAC 4.2-1-1 also apply to this article. However, if a definition in 50 IAC 4.2-1-1 conflicts with a definition contained in this article, the definition under this article controls with respect to the assessment and taxation of public utility property. *(Department of Local Government Finance; 50 IAC 5.1-1-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 950; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-2 "Annual report" defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2; IC 6-1.1-8-19

Sec. 2. "Annual report" means the statement required by IC 6-1.1-8-19. *(Department of Local Government Finance; 50 IAC 5.1-1-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 950; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-3 "Base year value" defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 3. "Base year value" means the amount, measured in money, that a willing buyer in an arm's-length transaction would pay to acquire the item of property subject to the lease under consideration at the time the lease or bailment was first consummated. For purposes of applying this definition to a specific factual situation, the amount stated in the agreement as the amount which the lessee would have had to pay to acquire the leased property instead of leasing the property will be deemed to be the base year value, provided that the state board does not determine that such amount is unrealistically low in relation to the other terms contained in the agreement. If the alternative acquisition cost is not shown in the lease agreement, the base year value shall be computed in the following order of preference:

- (1) The factory delivered price for the tangible personal property subject to the lease plus freight, installation costs, and a profit factor.
- (2) The present value of the lease payments at the inception of the lease computed in accordance with 50 IAC 4.2-15-14.
- (3) The insurable value in the year the lease was first consummated.
- (4) The capitalized value at eight (8) times the annual lease or rental payments.

(Department of Local Government Finance; 50 IAC 5.1-1-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 950; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-1-4 "Bridge company" defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 4. "Bridge company" means a company that owns or operates a toll bridge or an approach or facility operated in connection with a toll bridge. *(Department of Local Government Finance; 50 IAC 5.1-1-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 950; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-5 "Bus company" defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 5. "Bus company" means a company (other than a street railway company) that is principally engaged in the business of transporting persons for hire by bus on regularly scheduled routes in or through two (2) or more townships of this state. The term does not include a company that exclusively operates charter buses, which do not have scheduled routes. *(Department of Local Government Finance; 50 IAC 5.1-1-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 950; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-6 "Capital lease" defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 6. "Capital lease" means a lease that should be capitalized by the lessee for federal income tax purposes and meets one (1) or more of the following requirements:

- (1) Ownership of the property is transferred to the lessee at or before the end of the lease term.
- (2) The lease permits the lessee to purchase the property or renew the lease at a price or rental which is substantially less than the estimated market value or fair rental of the leased property at the time the option to purchase or renew the lease is exercised.
- (3) The lease term is equal to seventy-five percent (75%) or more of the estimated economic life of the leased property.
- (4) The present value of the minimum lease payments equals or exceeds ninety percent (90%) of the fair market value of the leased property at the inception of the lease.

A capital lease may be a sales-type lease, a direct financing lease, or a leveraged lease. *(Department of Local Government Finance; 50 IAC 5.1-1-6; filed Dec 15, 1993, 5:00 p.m.: 17 IR 950; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-7 “Construction in progress” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 7. “Construction in progress” means tangible personal property that has not been placed in service on the assessment date. Construction in progress has not been depreciated and is not eligible for federal income tax depreciation under Section 167 of the Internal Revenue Code of 1986. Construction in progress does not include the inventory of a contractor that is not a part of the real or personal property under construction. A contractor’s inventory must be valued and reported as provided in 50 IAC 4.2-5. Tangible personal property, normally assessed as inventory and held in abeyance or stored temporarily, and which possession may be transferred to another person to be attached to or become a part of an asset subject to assessment for personal property tax purposes, is taxable as inventory as provided in 50 IAC 4.2-5-1 or 50 IAC 5.1-8 and is not construction in progress. (*Department of Local Government Finance; 50 IAC 5.1-1-7; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-8 “Definite situs” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 8. “Definite situs” means a permanent location in one (1) taxing district or a customary location for use in one (1) taxing district. Customary location means the location where property is regularly used. (*Department of Local Government Finance; 50 IAC 5.1-1-8; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-9 “Distributable property” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 9. “Distributable property” means property owned or used by a public utility company that is not locally assessed real property or locally assessed personal property. Distributable property is that property used to furnish the public utility service. The right-of-way of a public utility company is distributable property. It may consist of the public utility company’s transportation system, production plant, transmission system, and/or distribution system. The state board distributes to the appropriate taxing districts the assessed value of the public utility company’s distributable property. (*Department of Local Government Finance; 50 IAC 5.1-1-9; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-10 “Express company” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 10. “Express company” means a company which:

- (1) is engaged in the business of transporting property by land, air, or water; and
- (2) does not itself operate the vehicles (except for terminal pickup and delivery vehicles) of transportation.

(*Department of Local Government Finance; 50 IAC 5.1-1-10; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-11 “Fixed property” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 11. “Fixed property” means property that is assessed by the township assessor in the taxing district where it is located. The term may include both locally assessed personal property and locally assessed real property. Fixed property is also known as locally assessed property. (*Department of Local Government Finance; 50 IAC 5.1-1-11; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-12 “Inventory” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 12. “Inventory” has the same meaning as set forth in 50 IAC 4.2-5-1. (*Department of Local Government Finance; 50 IAC 5.1-1-12; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-13 “Leased property” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 13. “Leased property” means property that is leased, rented, or otherwise made available to a person other than the owner under a bailment agreement, written or unwritten. The term does not include locally assessed real property, inventory, special tooling, or returnable containers. Leased property may include, but is not limited to:

- (1) business machines;
- (2) postage meters;
- (3) machinery;
- (4) equipment;
- (5) furniture;
- (6) fixtures;
- (7) coin-operated devices;
- (8) tools;
- (9) burglar alarms;
- (10) signs and other advertising devices; and
- (11) motor vehicles;

which are loaned, leased, used, or otherwise held in the possession of a person other than the owner on the assessment date whether or not any fees are charged. (*Department of Local Government Finance; 50 IAC 5.1-1-13; filed Dec 15, 1993, 5:00 p.m.: 17 IR 951; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-14 “Light, heat, or power company” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 14. “Light, heat, or power company” means a company that is engaged in the business of furnishing light, heat, or power by electricity, gas, or steam. Light, heat, and power companies may be:

- (1) investor-owned electric and steam heat companies;
- (2) rural electric membership corporations or cooperatives; or
- (3) natural gas distribution companies.

(*Department of Local Government Finance; 50 IAC 5.1-1-14; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-15 “Locally assessed personal property” defined

Authority: IC 6-1.1-31-1
Affected: IC 6-1.1-8-2

Sec. 15. “Locally assessed personal property” means tangible personal property owned or used by the public utility company (except for a railroad company) that is not used as part of the company's production plant, transmission system, or distribution system. For a railroad company, “locally assessed personal property” means tangible personal property owned or used by the railroad company that is not used in the operation of the railroad. Locally assessed personal property must be reported on the appropriate form by the public utility company to the township assessor where the property is located. In general, locally assessed personal

property consists of the following:

- (1) Automotive and other mobile equipment (except that of a bus company or railroad company).
- (2) Office furniture and fixtures.
- (3) Maintenance equipment not used as part of the production, transmission, or distribution system (including general plant related items such as stores, tools, and shop and garage equipment).
- (4) The inventory of materials held for use in production and property held for sale in the ordinary course of trade or business.
- (5) Other tangible personal property which is not used as a part of the public utility company's production plant, transmission system, or distribution system.

(Department of Local Government Finance; 50 IAC 5.1-1-15; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-1-16 “Locally assessed property” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 16. “Locally assessed property” means property that is assessed by the township assessor in the taxing district where it is located. The term includes both locally assessed personal property and locally assessed real property. Locally assessed property is also known as fixed property. *(Department of Local Government Finance; 50 IAC 5.1-1-16; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-17 “Locally assessed real property” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 17. “Locally assessed real property” means fixed real property owned or used by a public utility company that is assessed by the township assessor in the taxing district where it is located. Real property may include both land and improvements. It does not include the right-of-way of a public utility company. For a railroad company, it includes only the right-of-way land and buildings leased to commercial tenants, the land adjoining the right-of-way devoted to industrial parks, any abandoned right-of-way, and railroad land and buildings not being used for railroad operations will be locally assessed real property. *(Department of Local Government Finance; 50 IAC 5.1-1-17; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-18 “Materials and supplies” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 18. “Materials and supplies” shall have the meaning *[sic., set]* forth in 50 IAC 4.2-5-1(b)(3). *(Department of Local Government Finance; 50 IAC 5.1-1-18; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-19 “Operating lease” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 19. “Operating lease” means a lease other than a capital lease. *(Department of Local Government Finance; 50 IAC 5.1-1-19; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-20 “Pipeline company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 20. “Pipeline company” means a company that is engaged in the business of transporting or transmitting any gas or fluid

(except water) through pipes. (*Department of Local Government Finance; 50 IAC 5.1-1-20; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-21 “Public utility company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8

Sec. 21. “Public utility company” means a company that is subject to taxation under IC 6-1.1-8 regardless of whether the company is operated by an individual, a partnership, an association, a corporation, a fiduciary, or any other entity. (*Department of Local Government Finance; 50 IAC 5.1-1-21; filed Dec 15, 1993, 5:00 p.m.: 17 IR 952; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-22 “Public utility property” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 22. “Public utility property” means property owned or used by a public utility company. (*Department of Local Government Finance; 50 IAC 5.1-1-22; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-23 “Railroad car company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 23. “Railroad car company” means a company (other than a railroad company) which owns or operates cars for the transportation of property on railroads. (*Department of Local Government Finance; 50 IAC 5.1-1-23; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-24 “Railroad company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 24. “Railroad company” means a company that owns or operates:

- (1) a steam or electric railroad;
- (2) a suburban or interurban railroad;
- (3) a switching or terminal railroad;
- (4) a railroad station, track, or bridge; or
- (5) a facility that is part of a railroad system.

(*Department of Local Government Finance; 50 IAC 5.1-1-24; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-25 “Returnable containers” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 25. “Returnable containers” means those items of tangible personal property which are used to package inventory or other property while in transit which are reusable. Returnable containers may include, but are not limited to:

- (1) cooperage;
- (2) skids;
- (3) bottles;
- (4) cases;
- (5) pallets; and

(6) other packaging devices.

(Department of Local Government Finance; 50 IAC 5.1-1-25; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-1-26 “Sewage company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 26. “Sewage company” means a company that is engaged in the business of operating a sewage system or a sewage treatment plant. *(Department of Local Government Finance; 50 IAC 5.1-1-26; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-27 “Sleeping car company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 27. “Sleeping car company” means a company (other than a railroad company) which owns or operates cars for the transportation of passengers on railroads. *(Department of Local Government Finance; 50 IAC 5.1-1-27; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-28 “Special tooling” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 28. “Special tooling” means tangible personal property, including, but not limited to:

- (1) tools;
- (2) dies;
- (3) jigs;
- (4) fixtures;
- (5) gauges;
- (6) molds; and
- (7) patterns;

acquired or made for the production of products or product models which are of such specialized nature that their utility generally ceases with the modification or discontinuance of such products or product models. The term does not include those items being manufactured or built for sale or lease to another person. *(Department of Local Government Finance; 50 IAC 5.1-1-28; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-29 “State board” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 29. “State board” means the state board of tax commissioners. *(Department of Local Government Finance; 50 IAC 5.1-1-29; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-1-30 “Street railway company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 30. “Street railway company” means a company which owns or operates a passenger transportation business principally within one (1) or more municipalities regardless of whether the transportation vehicles operate on tracks, by means of electric power

transmitted through wires, or by means of automotive equipment. (*Department of Local Government Finance; 50 IAC 5.1-1-30; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-31 “System” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 31. “System” means all property owned or used by a public utility company or companies and operated as one (1) unit in furnishing a public utility service. (*Department of Local Government Finance; 50 IAC 5.1-1-31; filed Dec 15, 1993, 5:00 p.m.: 17 IR 953; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-32 “Telephone, telegraph, or cable company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 32. “Telephone, telegraph, or cable company” means a company that is principally engaged in the business of communicating by electrical transmission, including the following:

- (1) Cellular telephone companies.
- (2) Local exchange telephone companies.
- (3) Interexchange companies.
- (4) Long distance companies.
- (5) Radio-telephone companies.
- (6) Paging services.

The term does not include a cable television company. (*Department of Local Government Finance; 50 IAC 5.1-1-32; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-33 “Tunnel company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 33. “Tunnel company” means a company which owns or operates a toll tunnel. (*Department of Local Government Finance; 50 IAC 5.1-1-33; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-34 “Unit value” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 34. “Unit value” means the total value of all of the property of a public utility company determined under this article (including all leased property used by the company). (*Department of Local Government Finance; 50 IAC 5.1-1-34; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-1-35 “Water distribution company” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 35. “Water distribution company” means a company that is engaged in the business of selling or distributing water by pipe, main, canal, or ditch. (*Department of Local Government Finance; 50 IAC 5.1-1-35; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 2. Introduction; Companies Subject to Assessment

50 IAC 5.1-2-1 Purpose

Authority: IC 6-1.1-8-42

Affected: IC 6-1.1-3-1; IC 6-1.1-8

Sec. 1. (a) The purpose of this rule is to provide rules for the assessment of public utility property. This rule applies to all public utility companies.

(b) Under IC 6-1.1-8, the state board makes an annual assessment of each public utility company.

(c) The valuation made by the state board includes all real, personal, and distributable property of the public utility company, wherever located. The value of locally assessed real and personal property is deducted from the unit valuation to calculate the value of distributable property. The state board subtracts the value of locally assessed property, as reported by the county assessor from the unit valuation. The state board allocates the remainder, the distributable property, to the various taxing districts. (*Department of Local Government Finance; 50 IAC 5.1-2-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-2-2 Property subject to assessment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 2. The property owned or used by a public utility company is subject to assessment according to this rule. Property that is used by the public utility company under an agreement whereby the public utility company exercises the beneficial rights of ownership for a major part of a year is assessed to the public utility company. Leased property may be subject to assessment to the public utility company, see 50 IAC 5.1-10. (*Department of Local Government Finance; 50 IAC 5.1-2-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-2-3 Companies subject to assessment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 3. Except as provided in section 4 of this rule, the following companies are subject to assessment as public utility companies under this article:

(1) A company engaged in the business of transporting persons or property, including:

- (A) bus companies;
- (B) express companies;
- (C) pipeline companies;
- (D) railroad companies;
- (E) railroad car companies;
- (F) sleeping car companies;
- (G) street railway companies; and
- (H) tunnel companies.

However, aviation companies (including passenger airlines and air freight carriers) and trucking companies are subject to assessment under 50 IAC 4.2, and are not subject to assessment under this article.

(2) A company engaged in the business of selling or distributing electricity, gas, steam, or water.

(3) A company engaged in the business of transmitting messages for the general public by wire or airwaves.

(4) A company engaged in the business of operating a sewage system or a sewage treatment plant.

(*Department of Local Government Finance; 50 IAC 5.1-2-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 954; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-2-4 Companies excluded

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2

Sec. 4. The following companies are not subject to assessment as public utility companies under this article:

- (1) Aviation companies.
- (2) Broadcasting companies, including radio and television broadcasting companies and cable television companies.
- (3) Water transportation companies.
- (4) Companies that are operated by a municipality or a municipal corporation, except those utility companies owned or held in trust by a first class city.

(Department of Local Government Finance; 50 IAC 5.1-2-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

Rule 3. Reporting Requirements

50 IAC 5.1-3-1 Who must file

Authority: IC 6-1.1-8; IC 6-1.1-31-1

Affected: IC 6-1.1-8-19

Sec. 1. (a) Each year a public utility company shall file an annual report with the state board concerning the value and description of the property which is either owned or used by the public utility company.

(b) In completing a report or statement, a public utility company shall make a complete disclosure of all information, required by the state board, that is related to the value, nature, and location of property:

- (1) which the public utility company owned; or
- (2) which the public utility company held, possessed, controlled, or occupied.

(c) The public utility company shall certify the truth of all information appearing in the report or statement and all data accompanying the report or statement. *(Department of Local Government Finance; 50 IAC 5.1-3-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-3-2 What to file; annual report to state board

Authority: IC 6-1.1-8; IC 6-1.1-31-1

Affected: IC 6-1.1-8-19; IC 6-1.1-8-21

Sec. 2. (a) The state board has designated Form UD-45, Annual Report of Public Utility Company, as the annual report to be filed with the state board by all public utility companies, other than railroad companies and railroad car companies.

(b) Railroad companies shall annually file Form UD-32, Annual Report of Railroad Company, with the state board.

(c) Railroad car companies shall annually file Form RC-1, Railcar Tax Report, with the state board.

(d) Along with the Form UD-45 or the Form UD-32, a public utility company shall submit to the state board information requested by the state board, including:

- (1) the most recent financial statements;
- (2) information concerning depreciation records; and
- (3) the most recent annual report to shareholders or members;

to the extent that such reports, records, or statements exist.

(e) Railroad companies shall also submit to the state board the Interstate Commerce Commission Form R-1, if the railroad company is required to file Form R-1 with the Interstate Commerce Commission.

(f) A public utility company may submit a substitute computer or machine generated annual report form or schedule that is a part of the annual report, in lieu of using the actual annual report form or schedule, provided that the report or schedule:

- (1) contains all of the required information as set forth in the actual report or schedule;
- (2) properly and clearly identifies the report or schedule being substituted; and
- (3) is approved by the state board under 50 IAC 4.2-1-6 prior to its use.

(Department of Local Government Finance; 50 IAC 5.1-3-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-3-3 What to file; local reporting requirement

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-23

Sec. 3. (a) In addition to Form UD-45, public utility companies shall also file Form 1, Annual Return of Local Personal Property, with the assessor of each township in which the public utility company's locally assessed personal property is subject to assessment. If a public utility company has locally assessed personal property in two (2) or more taxing districts within the same township, the public utility company shall file a separate Form 1 covering the locally assessed personal property in each taxing district.

(b) A substitute computer or machine generated Form 1 may be used in lieu of the actual Form 1, if such form is approved by the state board under 50 IAC 4.2-1-6 prior to its use. (*Department of Local Government Finance; 50 IAC 5.1-3-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-3-4 Due date

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-19

Sec. 4. (a) A public utility company, except a railroad car company, shall file its annual report with the state board on or before March 1 of that year unless a filing extension has been granted by the state board under section 6 of this rule.

(b) A railroad car company shall file its annual report with the state board on or before May 1 of that year unless a filing extension has been granted by the state board under section 6 of this rule.

(c) A public utility company shall also file Form 1, Annual Return of Local Personal Property, with the assessor of each township in which the public utility company's locally assessed personal property is subject to assessment on or before March 1 of that year unless a filing extension has been granted by the state board under section 6 of this rule. (*Department of Local Government Finance; 50 IAC 5.1-3-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 955; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-3-5 Duty to file

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-19

Sec. 5. (a) It is the responsibility of the public utility company to obtain the necessary report forms and timely file the required reports with the state board.

(b) The state board will furnish each public utility company with the appropriate forms to complete their respective annual reports. However, the obligation to file the required report is not diminished or affected by the failure of the state board to deliver or mail forms to the public utility company. It is the responsibility of the public utility company to obtain the necessary report forms and timely file the required reports with the state board.

(c) It is also the responsibility of the public utility company to file the required report (Form 1) with each of the assessors of the townships in which the public utility company has locally assessed personal property subject to assessment. (*Department of Local Government Finance; 50 IAC 5.1-3-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 956; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-3-6 Extension of time

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-19

Sec. 6. (a) The state board may extend the due date for the annual report for a public utility company.

(b) The state board may grant a general extension to all public utility companies or classes of public utility companies. The state board will notify the public utility company of any general extension. A written request by the public utility company is not necessary to exercise the general extension.

(c) An extension of the due date, or an extension beyond the general extension granted under subsection (b), shall be considered by the state board if:

- (1) the public utility company submits a written request for an extension at least five (5) days prior to the due date; and
- (2) the public utility company cannot file on or before the due date because of extraordinary and unusual circumstances.

(d) An extension granted by the state board under subsection (c) shall be in writing. A copy of the extension shall accompany the taxpayer's annual report.

(e) An extension granted by the state board under subsection (b) or subsection (c) shall also apply to the report required under section 3 of this rule. (*Department of Local Government Finance; 50 IAC 5.1-3-6; filed Dec 15, 1993, 5:00 p.m.: 17 IR 956; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-3-7 Liability for taxes

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-8-1

Sec. 7. (a) The owner of any tangible property on the assessment date of a year is liable for the taxes imposed on the property for that year.

(b) A public utility company holding, possessing, controlling, or occupying any tangible property on the assessment date of a year is liable for the taxes imposed on the property for that year unless:

- (1) the public utility company establishes that the property is being assessed and taxed in the name of the owner; or
- (2) the owner is liable for the taxes under a contract with that person.

(c) When a person other than the owner pays any property taxes as required by this section, that person may recover the amount paid from the owner, unless the parties have agreed to other terms in a contract. (*Department of Local Government Finance; 50 IAC 5.1-3-7; filed Dec 15, 1993, 5:00 p.m.: 17 IR 956; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-3-8 Disclosure of information

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-3-9; IC 6-1.1-8-21

Sec. 8. (a) In completing the annual report, a public utility company shall make a complete disclosure of all information required by the state board.

(b) A public utility company that holds, possesses, controls, or occupies property that it does not own must make a full disclosure, on the forms provided by the state board, of the not-owned property and information relating to that property. The required information shall include the name and address of the owner, model, description, location, quantities on hand, date of installation, value (if known) as required by this article, and any other information requested on the appropriate form. (See special instructions in 50 IAC 5.1-10-3 for reporting leased personal property.)

(c) Failure to properly disclose property that a public utility company holds, possesses, or controls shall result in the assessment of the property to the public utility company. See, *State Board of Tax Commissioners v. Jewell Grain Company*, 556 N.E.2d 920 (Ind. 1990).

(d) Information is required to be submitted by the holder, possessor, or controller even if the owner is liable for the taxes under a contract to ensure that the assessing official has the necessary information to correctly assess the property in question. (*Department of Local Government Finance; 50 IAC 5.1-3-8; filed Dec 15, 1993, 5:00 p.m.: 17 IR 956; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-3-9 Penalty

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-2-4; IC 6-1.1-8-20

Sec. 9. (a) If a public utility company does not file the annual report required under section 2 of this rule with the state board on or before the due date, the company will incur a penalty of one hundred dollars (\$100) per day for each day that the annual report is late.

(b) An annual report is not considered to be complete unless the report contains the information required by the state board and is signed under the penalty for perjury by an authorized person.

(c) A public utility company that does not file a complete annual report is subject to the penalty provided in subsection (a) for each day that the annual report is not complete. (*Department of Local Government Finance; 50 IAC 5.1-3-9; filed Dec 15, 1993, 5:00 p.m.: 17 IR 957; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 4. Assessment, Appeal, and Review

50 IAC 5.1-4-1 Tentative assessment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-12

Sec. 1. (a) Each year the state board shall determine the true tax value of the property of each public utility company. Except for railroad car companies, the state board shall determine the true tax value by first determining the approximate unit value of each public utility company. The value of the distributable property of a public utility company, other than a railroad car company, equals the remainder of:

(1) the unit value of the company; minus

(2) the value of the company's fixed property.

(b) The value of the distributable property of a railroad car company equals the value of all of the company's distributable property multiplied by the allocation factor provided in IC 6-1.1-8-12(b).

(c) In order to determine the unit value of a public utility company, the state board may consider the following:

(1) Book value.

(2) The cost of replacement or reproduction, less depreciation.

(3) The cost of establishing and developing the business.

(4) The amount and market value or sales price of outstanding securities.

(5) Valuations determined by another governmental agency or indicated by a judicial decision, including, but not limited to, determinations made for rate making purposes.

(6) Statistics and reports prepared or filed by the company.

(7) Statistics and reports prepared by another governmental agency or by a private organization if the organization is considered reliable by investors and investment dealers.

(8) Earnings capitalized at a reasonable rate.

(9) Any other information which the state board considers relevant.

(d) Except for railroad car companies, the state board shall notify each public utility company of its tentative assessment on or before June 1. The state board shall notify each railroad car company of its tentative assessment on or before September 1. (*Department of Local Government Finance; 50 IAC 5.1-4-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 957; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-4-2 Assessment by state board

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-22

Sec. 2. (a) The state board shall assess the property of a public utility company based upon the information available to the state board if the public utility company:

(1) does not file a statement which is required under 50 IAC 5.1-3-2;

(2) does not permit the state board to examine the public utility company's property, books, or records; or

(3) does not comply with a summons issued by the state board.

(b) An assessment which is made by the board under this section is final unless the public utility company establishes that the board committed actual fraud in making the assessment. (*Department of Local Government Finance; 50 IAC 5.1-4-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 957; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-4-3 Tentative assessment; notice; objection; hearings

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-22; IC 6-1.1-8-28

Sec. 3. (a) Each year the state board shall notify each public utility company of:

- (1) the board's tentative assessment of the company's distributable property; and
- (2) the value of the company's distributable property used by the board to determine the tentative assessment.

(b) The state board shall give the notice on or before September 1, in the case of railroad car companies, and shall give the notice on or before June 1, in the case of all other public utility companies.

(c) Within ten (10) days after a public utility company receives notice of the state board's tentative assessment, the company may:

- (1) file with the state board its objections to the tentative assessment; and
- (2) demand that the state board hold a hearing on the tentative assessment.

(d) If the public utility company does not file with the state board its objections to the tentative assessment within the time allowed, the tentative assessment is final and may not be appealed. (*Department of Local Government Finance; 50 IAC 5.1-4-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-4-4 Hearing; final assessment; notice

Authority: IC 6-1.1-8; IC 6-1.1-31-1
Affected: IC 6-1.1-8-29

Sec. 4. If a public utility company files its objections to, and demands a hearing on, a tentative assessment within the time allowed, the state board shall hold a hearing on the tentative assessment at a time and place fixed by the state board. After the hearing, if any, the state board shall make a final assessment of the company's distributable property and shall notify the company of the final assessment. However, the state board must give notice of the final assessment before September 30, in the case of railroad car companies, and before June 30 in the case of all other public utility companies. (*Department of Local Government Finance; 50 IAC 5.1-4-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-4-5 Appeal of final assessment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-30

Sec. 5. If a public utility company files its objections to the state board's tentative assessment of the company's distributable property in the manner prescribed in section 4 of this rule, the company may appeal the state board's final assessment of that property to the tax court. However, the company must initiate the appeal within twenty (20) days after the date of the notice of the state board's final assessment. (*Department of Local Government Finance; 50 IAC 5.1-4-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-4-6 Appeal of township assessor's assessment of fixed property

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-33; IC 6-1.1-15

Sec. 6. A public utility company may appeal a township assessor's assessment of locally assessed property in the manner provided in IC 6-1.1-15. (*Department of Local Government Finance; 50 IAC 5.1-4-6; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-4-7 Omitted property

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-39

Sec. 7. The annual assessments of a public utility company's property are presumed to include all the company's property which is subject to taxation. However, this presumption does not preclude the subsequent assessment of a specific item of tangible property which is clearly shown to have been omitted from the assessments for that year. The appropriate township assessor shall make assessments of omitted fixed property. The state board shall make assessments of omitted distributable property. However, the state board may not assess omitted distributable property after the expiration of ten (10) years from the last day of the year in which the assessment should have been made. (*Department of Local Government Finance; 50 IAC 5.1-4-7; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-4-8 Omitted property; rate of assessment; interest

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-40

Sec. 8. When the state board assesses distributable property which was omitted from the assessment for a particular year, the state board shall, as nearly as possible, assess the omitted distributable property in the same manner that the state board assesses other distributable property. The taxes due on the omitted distributable property shall be calculated by using the same tax rates which were applicable for the tax year that the distributable property was omitted from the assessment. The public utility company shall pay interest on the taxes due on the omitted distributable property at the rate of two percent (2%) per month or fraction of a month. The interest due shall be calculated on the period of time beginning with January 1 of the year following the year in which the property was omitted from the assessment and ending with the day the taxes are paid. However, the state board may waive any portion of the interest due under this section at the time the state board makes its final assessment of the omitted distributable property. (*Department of Local Government Finance; 50 IAC 5.1-4-8; filed Dec 15, 1993, 5:00 p.m.: 17 IR 958; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 5. Valuation of Real Property and Use of Other Factors

50 IAC 5.1-5-1 Valuation of real property

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8

Sec. 1. (a) Under IC 6-1.1-8, the state board shall make an annual assessment of each utility and railroad. The valuation made by the state board includes all real, personal, and distributable property, wherever located. Since locally assessed real property and locally assessed personal property are contained within the unit valuation, this property is subtracted from the unit value, and the remainder, the distributable property, is distributed by the state board.

(b) The township assessor shall value locally assessed real property under 50 IAC 2.2.

(c) In determining whether property is locally assessed real property, locally assessed personal property, or distributable property, the examples provided in 50 IAC 2.2-14-3 are instructive. (*Department of Local Government Finance; 50 IAC 5.1-5-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-5-2 Value as a going concern; adjustments; use of other factors

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 2. (a) The state board, on its own motion or on petition of a public utility company, may, in determining the just value of a public utility company, authorize or require the use of factors other than those normally used in determining a unit value of a company as a going concern.

(b) The use of other factors is permitted only in situations where the use of other factors is necessary to:

(1) ensure equal and nondiscriminatory treatment of all public utility companies within the same classification; or

(2) provide for a unit value that is not clearly unreasonable or unfair to the state or the public utility company.

(*Department of Local Government Finance; 50 IAC 5.1-5-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-5-3 Readily ascertainable values

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 3. (a) In order to establish uniformity, the state board may determine the standard true tax value per unit of certain types of personal property that have a readily ascertainable value.

(b) The standard unit true tax values are published under 50 IAC 4.2-1-5.

(c) The types of personal property valued under this section are designated in 50 IAC 4.2-15 or an instructional bulletin. The types of personal property for which a standard unit value is determined may include, but are not limited to, the following:

- (1) Agricultural commodities.
- (2) Certain livestock.
- (3) Certain types of petroleum products.
- (4) Recreational vehicles.
- (5) Used motor vehicles held for sale.
- (6) Used farm implements held for sale.
- (7) Railroad cars.
- (8) Gas and fluid pipelines.
- (9) Any other tangible personal property which the state board determines has a readily ascertainable value.

(Department of Local Government Finance; 50 IAC 5.1-5-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-5-4 Uniform useful life

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 4. (a) The state board may prescribe the useful life of certain items of personal property if the state board determines that a uniform useful life should be required for all affected public utility companies in order to obtain uniformity of assessment.

(b) If the state board prescribes a uniform useful life for a certain item of personal property, the state board shall notify all affected taxpayers. *(Department of Local Government Finance; 50 IAC 5.1-5-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

Rule 6. Valuation of Depreciable Personal Property

50 IAC 5.1-6-1 Definitions

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26; IC 6-6-6.5

Sec. 1. (a) The definitions in this section apply throughout this rule.

(b) "Adjusted cost of depreciable personal property" means the cost of depreciable personal property adjusted for the cost of the following:

- (1) Air pollution control systems, exempted under 50 IAC 5.1-12-2.
- (2) Industrial waste control facilities, exempted under 50 IAC 5.1-12-4.
- (3) Special tooling, described in 50 IAC 5.1-9-3.
- (4) Aircraft subject to excise tax under IC 6-6-6.5.

(c) "Cost of depreciable personal property" means the sum of direct costs and an appropriate portion of indirect costs attributable to the production or acquisition of depreciable personal property and its preparation for use. The cost of machinery, furniture, tools, computers (excluding application software), and other plant assets include all costs necessary to place the asset in condition and in place, ready for use. These costs include, but are not limited to, the purchase price, transportation costs to the place of use, installation costs, foundations, electrical wiring, interest incurred during construction and installation, and sales tax. If the asset is constructed by the company, the original cost must be made up of, but not limited to, the following costs:

- (1) Direct and indirect labor costs and fringe benefits.
- (2) Direct material costs.
- (3) Designing.
- (4) Supervision.
- (5) Insurance.
- (6) Depreciation of equipment used in construction.
- (7) Claims for damage during construction not compensated for by insurance.
- (8) Taxes and insurance during construction.
- (9) Interest incurred during construction.
- (10) Sales taxes.
- (11) Other costs directly chargeable to construction.

No profit may be added to the actual costs because the company cannot make a profit on itself. Any credits in the form of sales of scrap materials, discounts received on purchases of materials, and return premiums on surrender of insurance policies must be subtracted from the gross costs of construction to determine the actual cost of the asset.

(d) "Depreciable personal property" means the tangible property, other than locally assessed real property, of a public utility company that is subject to or should be subject to depreciation for federal income tax purposes. The term includes both locally assessed personal property (excluding inventory) and distributable property.

(e) "Permanently retired depreciable personal property" means depreciable personal property that has been removed from the manufacturing process on the assessment date, or has been removed from service other than manufacturing on the assessment date, and is awaiting disposition. It must be scheduled to be scrapped, removed, or disposed of and will be considered to be permanently retired providing the taxpayer actually scraps or sells such property. (*Department of Local Government Finance; 50 IAC 5.1-6-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 959; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-6-2 Book cost determinative

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26; IC 6-1.1-31

Sec. 2. (a) The cost of depreciable property, both real and personal, as recorded on the public utility company's books and records, must be utilized in determining the value of the depreciable personal property subject to assessment.

(b) The cost of all depreciable personal property of a public utility company shall be the total amount reflected on the books and records of the company as of the assessment date except as provided in section 3 of this rule.

(c) Property may be depreciable personal property regardless of the account in which the property is carried on the books and records of the public utility company. For example, property classified on the public utility company's books and records as real property may nevertheless be depreciable personal property within the meaning of this article. This treatment is necessary to ensure the proper assessment of property, regardless of the accounting system used by the public utility company.

(d) Except as otherwise provided in this article, property is deemed to be depreciable personal property when a depreciation deduction is allowable for federal income tax purposes.

(e) The cost of additions and betterments is added to the original cost of the depreciable personal property. If an additional part is added or some other change is made in the fixed asset that increases its estimated useful life, production, or efficiency, or converts the property to a different use, it is a betterment. The expenditure is capitalized by adding it to the original cost of the asset. If a part is replaced with a similar part, the new part is shown as a new acquisition while the part replaced is deducted from the original cost of the asset.

(f) In the event a taxpayer cannot determine from its books and records the cost of the depreciable property on the assessment date, it must use:

- (1) the cost per books as of the close of its annual financial period immediately prior to the assessment date and so indicate on its return;
- (2) the book cost as of the close of its last financial period will then be adjusted to reflect all acquisitions and disposals of depreciable property which have occurred between the acquisition or disposal date and the assessment date; and
- (3) installation costs and foundations applicable to machinery and equipment shall be reported and assessed on the same basis as the asset to which they apply.

(Department of Local Government Finance; 50 IAC 5.1-6-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 960; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-6-3 Mandatory adjustment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26; IC 6-1.1-31

Sec. 3. (a) The cost of depreciable personal property as computed in section 2 of this rule must be reported at the tax basis of such property as defined in Section 1012 of the Internal Revenue Code of 1986. The cost of depreciable personal property shall not be reduced by Sections 167 (depreciation) or 179 (expense election deduction) of the Internal Revenue Code or any credits (such as investment tax credit) which would otherwise diminish the cost basis of the property.

(b) If the tax basis of the depreciable personal property is different from the cost reflected on the books and records of the taxpayer, an adjustment must be made to the cost per books of the assessable depreciable personal property. The cost reflected on the books and records must be adjusted to the tax basis of the property.

(c) The adjustment of the cost of depreciable personal property to its tax basis is required to be made regardless of whether it is an increase or decrease to the cost recorded on the books and records. *(Department of Local Government Finance; 50 IAC 5.1-6-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 961; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-6-4 Fully depreciated property

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 4. Depreciable personal property that has not been retired from use is reported for assessment purposes whether or not the cost of the property has been removed from the taxpayer's books and records. *(Department of Local Government Finance; 50 IAC 5.1-6-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 961; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-6-5 Nominally valued depreciable personal property

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 5. Depreciable personal property recorded on the books and records at a nominal value or at no value must be valued at its actual acquisition cost determined by reference to the insurable value in the year of acquisition for Indiana property tax assessment purposes. This category of property includes, but is not limited to:

- (1) bulk purchases; or
- (2) the acquisition of a going business concern.

(Department of Local Government Finance; 50 IAC 5.1-6-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 961; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-6-6 Computer software

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 6. (a) As used in this section, "application software" means a written sequence of instructions which details the operations the equipment is to perform in order to achieve a specific objective of the user.

(b) As used in this section, "operational software" means the operational program that controls the hardware and actually makes the machine operational. It is fundamental and necessary to the functioning of the computer hardware itself and performs such functions as loading, scheduling, supervision, and data management. It represents the internalized instruction codes that translate information into a form usable by the equipment and controls the basic operations of the central processing unit to perform arithmetic and/or logical operations automatically by means of programmed instructions. It is not normally accessible or modifiable by the user.

(c) If the cost of depreciable personal property recorded on the books and records reflects charges for customer support services such as educational services, maintenance, or application software that relate to future periods and not to the value of the depreciable personal property, those charges may be deducted from the cost of depreciable personal property, to the extent that a separate charge or value can be identified. (*Department of Local Government Finance; 50 IAC 5.1-6-6; filed Dec 15, 1993, 5:00 p.m.: 17 IR 961; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-6-7 Valuation

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 7. (a) Except as provided in section 9 of this rule, the value of depreciable personal property is computed by subtracting federal depreciation from the adjusted cost of the depreciable personal property. The value of depreciable personal property is the depreciated value of the depreciable personal property as computed for federal income tax purposes.

(b) Depreciation shall be computed using the method or methods of depreciation that the public utility company has used for federal income tax purposes for that property. If depreciable personal property is acquired prior to the establishment of the first reporting year for federal income tax purposes, depreciation shall be computed in the same manner as the public utility contemplates using for federal income tax purposes.

(c) The amount of depreciation computed in subsection (b) shall be increased by any expense election deduction (Section 179 of the Internal Revenue Code of 1986) or investment tax credit claimed on the property by the public utility company for federal income tax purposes. (*Department of Local Government Finance; 50 IAC 5.1-6-7; filed Dec 15, 1993, 5:00 p.m.: 17 IR 961; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-6-8 Deduction for gross additions

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 8. Except as provided in section 9 of this rule, the value of depreciable personal property is computed by deducting an allowance for gross additions in addition to the adjustment for depreciation computed under section 7 of this rule. The deduction for gross additions is computed as:

(1) sixty percent (60%) of the adjusted cost of depreciable personal property placed in service during the immediately preceding twelve (12) months; minus

(2) the depreciation computed on the adjusted cost of depreciable personal property, as computed under section 7 of this rule, placed in service during the immediately preceding twelve (12) months.

(*Department of Local Government Finance; 50 IAC 5.1-6-8; filed Dec 15, 1993, 5:00 p.m.: 17 IR 962; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-6-9 Minimum value

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 9. (a) The total value of the distributable depreciable personal property cannot be less than thirty percent (30%) of the adjusted cost of the distributable personal property.

(b) The total value of the locally assessed depreciable personal property in a single taxing district cannot be less than thirty percent (30%) of the adjusted cost of the locally assessed personal property in that taxing district.

(c) The thirty percent (30%) minimum value test shall be applied prior to any special adjustment for abnormal obsolescence or permanently retired depreciable personal property. The limitation does not apply to construction in progress under 50 IAC 5.1-9-1(a) or special tooling under 50 IAC 5.1-9-1(b). (*Department of Local Government Finance; 50 IAC 5.1-6-9; filed Dec 15, 1993, 5:00 p.m.: 17 IR 962; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-6-10 Permanently retired depreciable personal property

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 10. (a) Permanently retired depreciable personal property that is on hand on the assessment date is subject to an adjustment at the election of the taxpayer.

(b) The value of permanently retired depreciable personal property is the net scrap or net sale value of the depreciable personal property retired.

(c) In order to qualify for this adjustment, a taxpayer will need to substantiate that the depreciable personal property was permanently retired and not in use.

(d) The adjustment for permanently retired depreciable personal property is computed as the difference between the true tax value of the depreciable personal property retired (computed under sections 7 through 9 of this rule) and the net scrap or net sale value of the depreciable personal property retired.

(e) The adjustment for permanently retired depreciable personal property may not exceed the true tax value of the depreciable personal property retired. (*Department of Local Government Finance; 50 IAC 5.1-6-10; filed Dec 15, 1993, 5:00 p.m.: 17 IR 962; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-6-11 Abnormal obsolescence

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 11. (a) An adjustment for abnormal obsolescence, as defined in 50 IAC 5.1-11-1(3), may be permitted in accordance with 50 IAC 5.1-11-3.

(b) No adjustment will be allowed for normal obsolescence as defined in 50 IAC 5.1-11-1(2).

(c) The dollar amount of the adjustment for the depreciable personal property under this section may not exceed the tentative true tax value as computed in sections 7 and 8 of this rule for the specific unit or units of depreciable personal property on which the taxpayer claims the adjustment. (*Department of Local Government Finance; 50 IAC 5.1-6-11; filed Dec 15, 1993, 5:00 p.m.: 17 IR 962; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 7. Valuation of Nondepreciable Property

50 IAC 5.1-7-1 Definitions

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 1. (a) The definitions in this section apply throughout this rule.

(b) "Contributions in aid of construction" or "CIAC" means property, other than locally assessed real property, of a public utility company that is used by the public utility company in providing the utility service and which is donated or contributed.

(c) "Nondepreciable personal property" means the property, other than locally assessed real property, of a public utility company that is not subject to depreciation for federal income tax purposes. It does not include inventory, but may include both locally assessed personal property (excluding inventory) and distributable property. (*Department of Local Government Finance; 50 IAC 5.1-7-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 962; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-7-2 Book cost determinative

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 2. (a) The cost of nondepreciable property, both real and personal, as recorded on the public utility company's books and records, must be utilized in determining the value of the nondepreciable property subject to assessment.

(b) A public utility company is subject to assessment for property owned or used by it. Contributions in aid of construction

are used by the public utility company to deliver its service. Therefore, contributions in aid of construction are subject to assessment. The public utility company may not reduce the cost of property shown on its books and records by the amount of contributions in aid of construction or customer advances. (*Department of Local Government Finance; 50 IAC 5.1-7-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 963; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-7-3 Mandatory adjustment

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 3. The cost of nondepreciable property as computed under section 2 of this rule must be reported at the tax basis of such property as defined in Section 1012 of the Internal Revenue Code of 1986. (*Department of Local Government Finance; 50 IAC 5.1-7-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 963; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-7-4 Valuation

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 4. (a) Except as provided in subsection (b), the value of nondepreciable property shall be the tax basis of such property as defined in Section 1012 of the Internal Revenue Code of 1986.

(b) Contributions in aid of construction that would be subject to depreciation for federal income tax purposes if owned by the public utility company are eligible for depreciation. Depreciation for contributions in aid of construction shall be computed using the method of depreciation that the owner would have used for federal income tax purposes. Depreciation is computed over the useful life of the contributions in aid of construction. For purposes of this subsection, useful life is the life that would have been used for federal income tax purposes by the owner. (*Department of Local Government Finance; 50 IAC 5.1-7-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 963; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 8. Valuation of Inventories

50 IAC 5.1-8-1 Valuation

Authority: IC 6-1.1-8; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 1. Inventory, materials, and supplies shall be valued in accordance with 50 IAC 4.2-5. (*Department of Local Government Finance; 50 IAC 5.1-8-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 963; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 9. Valuation of Other Tangible Personal Property

50 IAC 5.1-9-1 Construction in progress

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 1. (a) The starting point for the valuation of construction in progress is the cost recorded on the public utility company's books and records which is attributable to such property, excluding locally assessed real property, including all expenses incurred in acquiring or producing the assets not yet placed in service.

(b) In the event the cost as recorded on the regular books and records of the public utility company does not reflect acquisitions and transfers since the end of the financial period immediately preceding the assessment date, such acquisitions and transfers are required to be included.

(c) If the cost as recorded on the regular books and records of the public utility company reflects advance payments or deposits, and if such amounts were attributable to property other than locally assessed real property, such amounts shall be allowed as a deduction from book cost.

(d) The true tax value of construction in progress is ten percent (10%) of the cost of such property. (*Department of Local Government Finance; 50 IAC 5.1-9-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 963; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-9-2 Special tooling

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 2. (a) Special tooling must be reported for Indiana property assessment purposes at the tax situs where located on the assessment date, regardless of whether such special tooling is capitalized or expensed.

(b) The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation. Special tooling must be reported on the appropriate form on the public utility company's annual report to the state board. If the special tooling is locally assessed personal property, the special tooling must also be reported to the township assessor.

(c) The possessor of not-owned special tooling has the responsibility for disclosing such property to the local assessing officials and the state board.

(d) The total cost of special tooling is allocated into two (2) groups. The total cost of the special tooling acquired between the immediately preceding assessment date and the current assessment date is allocated into one (1) group (Group I), and the balance of the total cost of the special tooling on hand which was acquired prior to the immediately preceding assessment date is allocated into a second group (Group II). Expenditures incurred by a taxpayer to refurbish existing special tooling are deemed to be special tools acquired during the period in which such special tooling was refurbished.

(e) The total cost of special tooling that is not owned by the possessor must be based on the original cost to the owner of such special tooling, if available. If the original cost to the owner is not available, the cost shall be based upon the best information available; however, the true tax value of the not-owned special tooling shall not be less than the insured value of such property.

(f) The true tax value of special tooling is computed as the sum of:

(1) the cost of Group I multiplied by thirty percent (30%); and

(2) the cost of Group II special tooling multiplied by three percent (3%).

(*Department of Local Government Finance; 50 IAC 5.1-9-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 963; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-9-3 Leasehold improvements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 3. (a) Whenever a public utility company makes any expenditure for an improvement to locally assessed real property, locally assessed personal property, or distributable property not owned by the public utility company, such expenditure shall be assessable as locally assessed personal property or distributable property to the extent it is not locally assessed real property.

(b) The following are examples of leasehold improvements which are personal property:

(1) Foundations and pilings related to the installation and use of personal property.

(2) Personal property attached to the real property, if such items are related to activities or processes conducted in or on the real property, if the personal property is an integral part of such activity. For example, improvements to real property that would be assessable as either locally assessed personal property or as distributable property may include:

(A) shelving, bins, counters, and related items;

(B) nonpermanent partitions;

(C) supplemental heating and air conditioning;

(D) extraordinary lighting;

(E) extraordinary electrical and plumbing facilities; and

(F) carpeting and draperies.

(c) Leasehold improvements are reported and valued in the same manner as other locally assessed personal property or distributable property which the public utility company may own. (*Department of Local Government Finance; 50 IAC 5.1-9-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 964; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-9-4 Returnable containers

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 4. (a) Returnable containers must be reported for property assessment purposes at the tax situs where located on the assessment date by the person owning the returnable containers.

(b) The owner of any personal property subject to assessment and taxation on the assessment date has the responsibility for reporting such property for assessment and taxation. Returnable containers must be reported on the appropriate form on the public utility company's annual report to the state board. If the returnable containers are locally assessed personal property, the returnable containers must also be reported to the township assessor.

(c) The possessor of not-owned returnable containers has the responsibility for disclosing such property to the local assessing officials and the state board.

(d) The cost of returnable containers is computed by extending the quantity of such property on hand by:

- (1) the amount of deposit required for such item;
- (2) the refund entitled thereto when such returnable containers are returned to the owner;
- (3) the sales price of the returnable property; or
- (4) the cost of such returnable containers in the hands of the owner since the owner is liable for assessment.

(e) The value of returnable containers is computed in the same manner as other locally assessed personal property or distributable property which the public utility company may own. (*Department of Local Government Finance; 50 IAC 5.1-9-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 964; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 10. Valuation of Leased Property

50 IAC 5.1-10-1 Valuation

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 1. (a) Leased property reported for assessment by a public utility company shall be valued in the same manner as property owned by the public utility company. The value is computed by subtracting depreciation from the base year value.

(b) Depreciation for leased property shall be computed using the method of depreciation that the owner would have used for federal income tax purposes. Depreciation is computed over the useful life of the leased property. For purposes of this subsection, useful life is that useful life that would have been used for federal income tax purposes by the owner. (*Department of Local Government Finance; 50 IAC 5.1-10-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 964; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-10-2 General reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1
Affected: IC 6-1.1-8-26

Sec. 2. (a) In completing the annual report, a public utility company shall make a complete disclosure of all information relating to leased property that it owns, holds, possesses, or controls.

(b) If a public utility company holds, possesses, controls, or occupies leased property, the public utility company shall make a full disclosure, on the forms provided by the state board, of such property and information relating to that property. The required information shall include the name and address of the owner, model, description, location, quantities on hand, date of installation, value (if known) as required by this article, and any other information requested on the appropriate form. If the leased property is:

- (1) distributable property, the public utility company shall disclose such property on the appropriate form in its annual report to the state board; or
- (2) locally assessed personal property, the public utility company shall disclose such property on the appropriate form in its annual report to the state board and shall also disclose such property on Form 1, Annual Report of Local Personal Property.

(c) Failure by a public utility company to properly disclose property that it holds, possesses, or controls will result in the assessment of the property to the public utility company. See, *State Board of Tax Commissioners v. Jewell Grain Company*, 556

N.E.2d 920 (Ind. 1990).

(d) Information is required to be submitted by the holder, possessor, or controller even if the owner is liable for the taxes under a contract to assure that the assessing official has the necessary information to correctly assess the property in question.

(e) Both the lessor (the owner) and the lessee (the holder, possessor, or controller) have specific reporting requirements. The purpose of these dual reporting requirements is to assure that property is disclosed to the local assessing officials who will ensure that the property is assessed. (*Department of Local Government Finance; 50 IAC 5.1-10-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 965; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-10-3 Leased distributable property; specific reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 3. (a) The public utility company is primarily responsible for the reporting of the leased distributable property for assessment and taxation, whether such lease is a capital lease or an operating lease.

(b) The holder, possessor, or controller of leased distributable property (lessee) shall disclose the leased property on the designated form included with its annual report to the state board. In completing the designated form, the holder, possessor, or controller shall include all of the information required by the form.

(c) The owner (lessor) of leased distributable property is required to disclose the existence of the leased property to the state board. In completing the form designated for such disclosure, the owner shall include all of the information required by the form. (*Department of Local Government Finance; 50 IAC 5.1-10-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 965; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-10-4 Locally assessed property subject to operating leases; specific reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 4. (a) The owner (lessor) of locally assessed leased property subject to an operating lease is primarily responsible for the reporting of the locally assessed leased property for assessment and taxation.

(b) If the owner of the locally assessed leased property is a public utility company and the locally assessed leased property is subject to an operating lease, the locally assessed leased property shall be assessed in the following manner:

(1) The owner shall disclose and report the locally assessed leased property on the designated form included with its annual report to the state board. In completing the designated form, the owner shall include all of the information required by the form. The owner shall also complete Form 1, Annual Report of Local Personal Property, disclosing and reporting the locally assessed leased property for assessment and taxation.

(2) The holder, possessor, or controller (lessee) of locally assessed leased property subject to an operating lease is required to disclose the existence of the leased property to the state board and local assessing officials. The holder, possessor, or controller shall disclose the locally assessed leased property on the designated form included with its annual report to the state board. In completing the designated form, the holder, possessor, or controller shall include all of the information required by the form. The holder, possessor, or controller shall also disclose the locally assessed leased property on Form 1, Annual Report of Local Personal Property.

(*Department of Local Government Finance; 50 IAC 5.1-10-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 965; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-10-5 Locally assessed property subject to capital leases; specific reporting requirements

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 5. (a) The holder, possessor, or controller (lessee) of locally assessed leased property subject to a capital lease is primarily responsible for the reporting of the locally assessed leased property for assessment and taxation.

(b) If the holder, possessor, or controller of the locally assessed leased property is a public utility company and the locally

assessed leased property is subject to a capital lease, the locally assessed leased property shall be assessed in the following manner:

- (1) The holder, possessor, or controller shall disclose and report the locally assessed leased property on the designated form included with its annual report to the state board. In completing the designated form, the holder, possessor, or controller shall include all of the information required by the form. The holder, possessor, or controller shall also complete Form 1, Annual Report of Local Personal Property, disclosing and reporting the locally assessed leased property for assessment and taxation.
- (2) The owner (lessor) of locally assessed leased property subject to a capital lease is required to disclose the existence of the leased property to the state board and local assessing officials. The owner shall disclose the locally assessed leased property on the designated form. In completing the designated form, the owner shall include all of the information required by the form.

(Department of Local Government Finance; 50 IAC 5.1-10-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 966; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

Rule 11. Obsolescence

50 IAC 5.1-11-1 Definitions

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 1. The following definitions apply throughout this section:

(1) "Abnormal obsolescence" means that obsolescence which occurs as a result of factors over which the taxpayer has no control and is unanticipated, unexpected, and cannot reasonably be foreseen by a prudent businessperson prior to the occurrence. Abnormal obsolescence is of a nonrecurring nature and includes:

- (A) unforeseen changes in market values;
- (B) adverse governmental action;
- (C) exceptional technological obsolescence; or
- (D) destruction by catastrophe;

that have a direct effect upon the value of the property of the taxpayer at the tax situs in question on a going concern basis.

(2) "Normal obsolescence" means the anticipated or expected reduction in the value of property that can be foreseen by a reasonable, prudent businessperson when property is acquired and placed into service. In general, it includes the:

- (A) expected, declining value through use;
- (B) gradual decline in value because of expected technological improvements;
- (C) gradual deterioration or obsolescence through the mere passage of time; and
- (D) general assumption that such property will have a minimum value at the end of its useful life.

Normal obsolescence is considered through the use of historical cost, short useful life, and accelerated federal tax depreciation in computing true tax value.

(3) "Obsolescence" means the reduction in value of property that occurs through use, technological improvements, passage of time, changes in market values, and physical deterioration or destruction.

(Department of Local Government Finance; 50 IAC 5.1-11-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 966; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-11-2 Examples

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 2. Examples of abnormal obsolescence include the following:

(1) An example of an unforeseen change in market value would be a government ban on the sale of a drug or chemical due to a new discovery or determination which may cause that item or the production equipment used to produce it to be abnormally obsolete. A specific example of this would be cyclamate. In this case, the property used to produce it may be eligible for abnormal obsolescence, while the inventory (cyclamate) should be valued at the lower of cost or market as provided in 50 IAC 4.2-5-3 through 50 IAC 4.2-5-8.

(2) Abnormal obsolescence due to exceptional technological obsolescence should be recognized to the extent that it causes

the subject property to be incapable of use for current production or adaptation to a different use. The invention of a newer, more productive piece of equipment which would produce a better quality item or utilization of state of the art technology that produces more efficiently at a lower cost of production does not cause an older, currently used asset to be considered abnormally obsolete. If the asset is still capable of performing the function for which it was acquired and is producing both on and before the assessment date, no adjustment shall be allowed. The use of historical cost, short useful life, and accelerated federal tax depreciation result in an equitable assessment on the property in question.

(3) Abnormal obsolescence due to catastrophe should be recognized to the extent that it has a direct effect on the value of a particular item. Property which has been destroyed or damaged by catastrophe as of the assessment date would qualify for such an adjustment. A chemical or production process which, due to an irreparable malfunction, emits a toxic gas or deadly chemical into the outside atmosphere would qualify for such an adjustment to the extent the property is incapable of use.

(4) A government order to shut down certain production equipment due to improper emission levels may result in abnormal obsolescence if the cost to cure the delinquent equipment results in incurable obsolescence, that is, the cost-to-cure exceeds the contribution or increase in value of the impaired item or the impairment cannot be corrected.

(Department of Local Government Finance; 50 IAC 5.1-11-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 966; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)

50 IAC 5.1-11-3 Abnormal obsolescence claim

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8

Sec. 3. (a) An adjustment for abnormal obsolescence will be permitted to the extent that the property qualifies for the adjustment and the public utility company is able to substantiate the facts, circumstances, and amount of the claim in order to properly determine the true tax value of the subject property.

(b) A taxpayer wishing to claim an adjustment for abnormal obsolescence must provide documentation of the resulting valuation of the personal property at the tax situs in question on the assessment date on a going concern basis.

(c) The books and records of the public utility company must not have reflected the abnormal obsolescence on the assessment date.

(d) The adjustment for abnormal obsolescence may not exceed the true tax value of the property without consideration of the abnormal obsolescence adjustment. *(Department of Local Government Finance; 50 IAC 5.1-11-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 967; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-11-4 Full disclosure

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 4. A public utility company shall disclose any claim for an adjustment for abnormal obsolescence in the annual report filed with the state board under 50 IAC 5.1-3-2. *(Department of Local Government Finance; 50 IAC 5.1-11-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 967; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

50 IAC 5.1-11-5 Administrative adjudication on adjustment for abnormal obsolescence

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-26

Sec. 5. A public utility company may, prior to the filing of the property tax return for the year in question, petition the state board under 50 IAC 4.2-1-6, for an administrative adjudication determination regarding an abnormal obsolescence adjustment. *(Department of Local Government Finance; 50 IAC 5.1-11-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 967; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003)*

Rule 12. Exemptions, Deductions, and Credits

50 IAC 5.1-12-1 Introduction

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2; IC 6-1.1-8-28; IC 6-1.1-10; IC 6-1.1-11; IC 6-1.1-12; IC 6-1.1-12.1; IC 6-1.1-20.7; IC 6-1.1-20.8; IC 6-1.1-40

Sec. 1. In addition to the specific exemptions mentioned in this rule, a public utility company may qualify for certain exemptions, deductions, or credits. For specific information on exemptions, deductions, and credits, see IC 6-1.1-10, IC 6-1.1-12, IC 6-1.1-12.1, IC 6-1.1-20.7, IC 6-1.1-20.8, and IC 6-1.1-40. Unless otherwise indicated, the specific statutory requirements for obtaining the exemption, deduction, or credit must be followed under section 6 of this rule. (*Department of Local Government Finance; 50 IAC 5.1-12-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 967; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-12-2 Air pollution control exemption

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2; IC 6-1.1-8-28; IC 6-1.1-10-12; IC 6-1.1-10-13; IC 6-1.1-11

Sec. 2. (a) Personal property owned by a public utility company may qualify for exemption as an air pollution control system if:

(1) it is part of a stationary or unlicensed mobile air pollution control system of a:

- (A) private manufacturing;
- (B) fabricating;
- (C) assembling;
- (D) extracting;
- (E) mining;
- (F) processing;
- (G) generating;
- (H) refining; or
- (I) other;

industrial facility;

(2) it is not primarily used in the production of property for sale;

(3) it is employed predominantly in the operation of an air pollution control system;

(4) the air pollution control system is designed and used for the improvement of public health and welfare by the prevention or elimination of air contamination caused by industrial waste or contaminants;

(5) a sanitary treatment or elimination service for the waste or contaminants is not provided by public authorities; and

(6) it is acquired for the purpose of complying with any state, local, or federal environmental quality statutes, regulations, or standards.

(b) The property that is exempt under this section includes the following personal property:

(1) Personal property that is under construction or in the process of installation and that will be used for the purposes described in subsection (a) when placed in service.

(2) Spare parts held exclusively for installation in or as part of personal property that qualifies for the exemption under this section.

(c) Generally, personal property such as paint spray booths or dust collectors do not qualify for exemption under this section, since they are primarily used to remove particulates, dust, or fumes from the work area and/or in the production of property for sale. Dust collecting baghouses or stack scrubbers which are primarily designed and used to prevent or eliminate pollutant contamination of the air outside of, or away from, the production plant generally would qualify for exemption since such systems primarily benefit the general public. The specific facts and circumstances of each taxpayer's equipment and operations must be considered in determining whether each item of property qualifies under this section.

(d) The amount of the exemption claimed is specifically limited to the value of the personal property that is attributable to the stationary or unlicensed mobile industrial air purification system. (*Department of Local Government Finance; 50 IAC 5.1-12-2; filed Dec 15, 1993, 5:00 p.m.: 17 IR 967; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-12-3 Air pollution control exemption; claim

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8; IC 6-1.1-10-12; IC 6-1.1-10-13; IC 6-1.1-11

Sec. 3. A public utility company that wishes to obtain an exemption for an air pollution control system must annually claim the exemption on the appropriate form included in its annual report. The public utility company must disclose such information about the property claimed to be exempt as an air pollution control system as required on the form. (*Department of Local Government Finance; 50 IAC 5.1-12-3; filed Dec 15, 1993, 5:00 p.m.: 17 IR 968; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-12-4 Water pollution control exemption

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2; IC 6-1.1-8-28; IC 6-1.1-10-9; IC 6-1.1-10-10; IC 6-1.1-11

Sec. 4. (a) As used in this section, "industrial waste control facility" means personal property which is:

(1) included either as a part of or an adjunct to a privately owned manufacturing or industrial plant or coal mining operation; and

(2) used predominantly to:

(A) prevent, control, reduce, or eliminate pollution of a stream or a public body of water within or adjoining this state by:

- (i) treating;
- (ii) pretreating;
- (iii) stabilizing;
- (iv) isolating;
- (v) collecting;
- (vi) holding;
- (vii) controlling; or
- (viii) disposing;

of waste or contaminants generated by such plant; or

(B) meet state or federal reclamation standards for a coal mining operation.

(b) An industrial waste control facility includes personal property that:

(1) is under construction or in the process of installation; and

(2) will be used for the purposes described in subsection (a) when placed in service.

The term also includes spare parts held exclusively for installation in or as part of personal property that qualifies for the exemption under this section.

(c) An industrial waste control facility may qualify for exemption from property taxation if it is not used in the production of property for sale.

(d) The amount of the exemption claimed is specifically limited to the value of the personal property that is attributable to the industrial waste control facility. (*Department of Local Government Finance; 50 IAC 5.1-12-4; filed Dec 15, 1993, 5:00 p.m.: 17 IR 968; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-12-5 Water pollution control exemption; claim

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2; IC 6-1.1-8-28; IC 6-1.1-10-9; IC 6-1.1-10-10; IC 6-1.1-11

Sec. 5. (a) A public utility company that wishes to obtain an exemption for an industrial waste control facility must annually claim the exemption on the appropriate form included in its annual report. The public utility company must disclose such information about the property claimed to be exempt as an industrial waste control facility as required on the form.

(b) In addition to the requirements of subsection (a), the public utility company must, by registered or certified mail, forward a copy of the exemption claim to the department of environmental management. The department of environmental management shall acknowledge its receipt of the claim.

(c) The department of environmental management may investigate any claim. The department of environmental management may also determine if the property for which the exemption is claimed is being utilized as an industrial waste control facility. Within one hundred twenty (120) days after the copy of the claim is mailed to the department of environmental management, the department of environmental management may certify its written determination to the state board.

(d) The determination of the department of environmental management remains in effect as long as the owner owns the property and uses the property as an industrial waste control facility, or five (5) years, whichever is less.

(e) During the five (5) years after the department of environmental management's determination, the owner of the industrial waste control facility must notify the state board and the department of environmental management in writing if any of the industrial waste control facility on which the department of environmental management's determination was based is disposed of or removed from service as an industrial waste control facility.

(f) The department of environmental management may revoke a determination if the department finds that the property is not predominantly used as an industrial waste control facility.

(g) The state board shall allow or deny the claim for exemption as determined by the department of environmental management. If the department of environmental management fails to act within one hundred twenty (120) days, the state board shall allow the claim if the owner provides proof that a copy of the claim has been mailed to the department of environmental management.

(h) If the department of environmental management denies the claim for exemption, and the state board has previously issued its tentative assessment, the state board shall issue a revised tentative assessment.

(i) The attorney general, in O.A.G. NO. 39, 1969, has taken the position that a sewage treatment plant built by and within the premises of a privately owned manufacturing or industrial facility qualifies as an industrial waste control facility, providing the taxpayer follows the procedure for claiming an exemption. (*Department of Local Government Finance; 50 IAC 5.1-12-5; filed Dec 15, 1993, 5:00 p.m.: 17 IR 968; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

50 IAC 5.1-12-6 Waiver of exemption

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-2; IC 6-1.1-8-28; IC 6-1.1-11-1

Sec. 6. An exemption is a privilege which may be waived by a person who owns tangible property that would qualify for the exemption. If the owner does not comply with statutory procedures for obtaining an exemption, the exemption is waived. If the exemption is waived, the property is subject to taxation. (The complete text of the statute is contained in IC 6-1.1-11-1.) (*Department of Local Government Finance; 50 IAC 5.1-12-6; filed Dec 15, 1993, 5:00 p.m.: 17 IR 969; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

Rule 13. Severability

50 IAC 5.1-13-1 Severability

Authority: IC 6-1.1-8-42; IC 6-1.1-31-1

Affected: IC 6-1.1-8-42

Sec. 1. If any section or part of any section of any rule of this article or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect the other sections, parts, or applications of this article which can be given effect without the invalid section of any rule; and to this end the provisions of this article are severable. (*Department of Local Government Finance; 50 IAC 5.1-13-1; filed Dec 15, 1993, 5:00 p.m.: 17 IR 969; reinstated by IC 6-1.1-8-44, eff Jul 1, 2003*)

ARTICLE 5.2. PUBLIC UTILITY ASSESSMENT (VOIDED)

NOTE: Under P.L.192-2002(ss), SECTION 29, 50 IAC 5.2 and any other rule to the extent that it conflicts with IC 6-1.1-8-44, is void. Effective January 1, 2003.

ARTICLE 6. ASSESSMENT OF SOLAR ENERGY AND WIND POWERED DEVICES (REPEALED)

(Repealed by Department of Local Government Finance; filed Feb 15, 1995, 1:30 p.m.: 18 IR 1819)

ARTICLE 6.1. SOLAR AND GEOTHERMAL HEATING AND COOLING SYSTEMS' ASSESSMENT (REPEALED)

(Repealed by Department of Local Government Finance; filed May 23, 2001, 4:01 p.m.: 24 IR 3017, eff Mar 1, 2002)

ARTICLE 7. INTERSTATE MOTOR CARRIER COMPANIES (REPEALED)

(Repealed by Department of Local Government Finance; filed Nov 19, 1985, 9:31 am: 9 IR 706)

ARTICLE 8. TAX INCREMENT FINANCE

NOTE: This article was jointly promulgated with the state board of accounts and also appears at 20 IAC 2.

Rule 1. Definitions

50 IAC 8-1-1 "Additional credit" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 8-22-3.5; IC 36-7-14-39.5

Sec. 1. As used in this article, "additional credit" means the additional property tax credit established in IC 36-7-14-39.5. *(Department of Local Government Finance; 50 IAC 8-1-1; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352)*

50 IAC 8-1-2 "Allocation area" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39-2; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 2. As used in this article, "allocation area" means:

- (1) the part of a blighted area to which an allocation provision of a declaratory resolution, adopted under IC 36-7-14-15 (or IC 36-7-15.1-8 for Marion County), refers for purposes of distribution and allocation of property taxes;
- (2) an economic development area that has been designated as an allocation area pursuant to IC 36-7-14-41 and IC 36-7-14-43 or pursuant to IC 36-7-15.1-29 through IC 36-7-15.1-30;
- (3) an allocation area established under IC 36-7-15.1-32 with respect to a program for housing; or
- (4) an economic development district declared under IC 6-1.1-39-2.

(Department of Local Government Finance; 50 IAC 8-1-2; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352)

50 IAC 8-1-3 "Allocation area assessment" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 3. As used in this article, "allocation area assessment" means the current aggregate assessed value of allocation area real property and allocation area personal property. *(Department of Local Government Finance; 50 IAC 8-1-3; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352)*

50 IAC 8-1-4 "Allocation area personal property" defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 4. As used in this article, "allocation area personal property" means depreciable personal property in an allocation area that is subject to property taxes and that has been included in the tax increment program pursuant to a resolution adopted by a redevelopment commission that is eligible to adopt such a resolution. (See 50 IAC 8-2-2(b).) *(Department of Local Government Finance; 50 IAC 8-1-4; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352)*

50 IAC 8-1-5 “Allocation area real property” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 5. As used in this article, “allocation area real property” means all of the individual parcels of real property located in an allocation area. (*Department of Local Government Finance; 50 IAC 8-1-5; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352*)

50 IAC 8-1-6 “Assessed value” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 6. As used in this article, “assessed value” or “assessed valuation” means net assessed value unless otherwise specified. (*Department of Local Government Finance; 50 IAC 8-1-6; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352*)

50 IAC 8-1-7 “Base assessment” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 8-22-3.5; IC 36-7-15.1-32

Sec. 7. As used in this article, “base assessment” means the aggregate assessed valuation of all allocation area real property and allocation area personal property as of the base assessment date. However, the “base assessment” in an allocation area established under IC 36-7-15.1-32 with respect to a program for housing does not include the assessed value of real property improvements as of the base assessment date. However, if the effective date of the allocation provision of a declaratory ordinance is after March 1, 1985, and before January 1, 1986, and if an improvement to property was partially completed on March 1, 1985, the unit may provide in the declaratory ordinance that the taxes attributable to the assessed value of the property as finally determined for March 1, 1984, shall be allocated to and, when collected, paid into the funds of the respective taxing units. (*Department of Local Government Finance; 50 IAC 8-1-7; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352*)

50 IAC 8-1-8 “Base assessment date” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 8. As used in this article, “base assessment date” means the March 1 that immediately precedes the effective date of a declaratory resolution by the redevelopment commission that either establishes an allocation area or adds new area to an existing allocation area. (If the effective date is March 1, the immediately preceding March 1 is the base assessment date.) (*Department of Local Government Finance; 50 IAC 8-1-8; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1352*)

50 IAC 8-1-9 “Blighted” defined

Authority: IC 36-7-14; IC 36-7-15.1

Affected: IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 9. As used in this article, “blighted” means with respect to units subject to IC 36-7-14 “blighted” and with respect to units subject to IC 36-7-15.1 “blighted, deteriorated, or deteriorating.” (*Department of Local Government Finance; 50 IAC 8-1-9; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-10 “Captured assessment” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 10. As used in this article, “captured assessment” means the amount of allocation area assessment used to calculate the tax increment. (*Department of Local Government Finance; 50 IAC 8-1-10; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-11 “Captured assessment individual component” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 11. As used in this article, “captured assessment individual component” means, with respect to a parcel of allocation area real property or a return of allocation area personal property, the component of assessed valuation that, when aggregated with all other captured assessment individual components, constitutes the captured assessment. (*Department of Local Government Finance; 50 IAC 8-1-11; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-12 “Current base assessment” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 12. As used in this article, “current base assessment” means the base assessment plus the uncaptured assessment. The amount of this assessed value is used in the calculation of a tax rate by each taxing unit in which the allocation area is located. (*Department of Local Government Finance; 50 IAC 8-1-12; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-13 “Current base assessment individual component” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 13. As used in this article, “current base assessment individual component” means, with respect to a parcel of allocation area real property or a return of allocation area personal property, the component of assessed value that, when aggregated with all other current base assessment individual components, constitutes the current base assessment. (*Department of Local Government Finance; 50 IAC 8-1-13; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-14 “Housing program credit” defined

Authority: IC 36-7-15.1-35
Affected: IC 8-22-3.5; IC 36-7-15.1-35

Sec. 14. As used in this article, “housing program credit” means the credit established under IC 36-7-15.1-35 with respect to a program for housing. (*Department of Local Government Finance; 50 IAC 8-1-14; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-15 “Original base assessment individual real property component” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 15. As used in this article, “original base assessment individual real property component” means, with respect to a parcel of allocation area real property, a component of assessed value that is no greater than the assessed value of the parcel as of the base assessment date. If the assessed value of the parcel in a later year is the same as or greater than its assessed value as of the base assessment date, the component in the later year equals the assessed value of the parcel as of the base assessment date. If the assessed value of the parcel in a later year is less than its assessed value as of the base assessment date, the component in the later year equals the actual assessed value of the parcel as of the assessment date of that later year. (*Department of Local Government Finance; 50 IAC 8-1-15; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-16 “Potential captured assessment” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 16. As used in this article, “potential captured assessment” means the amount by which the allocation area assessment

exceeds the base assessment. (*Department of Local Government Finance; 50 IAC 8-1-16; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-17 “Potential captured assessment individual component” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 17. As used in this article, “potential captured assessment individual component” means, with respect to a parcel of allocation area real property or a return of allocation area personal property, the component of assessed valuation that, when aggregated with all other potential captured assessment individual components, constitutes the potential captured assessment. (*Department of Local Government Finance; 50 IAC 8-1-17; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1353*)

50 IAC 8-1-18 “PTR credit” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-21; IC 8-22-3.5

Sec. 18. “PTR credit” means the property tax replacement credit provided under IC 6-1.1-21. (*Department of Local Government Finance; 50 IAC 8-1-18; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1354*)

50 IAC 8-1-19 “Redevelopment commission” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39-2; IC 8-22-3.5; IC 36-3-4-23; IC 36-7-14-6.1

Sec. 19. As used in this article, “redevelopment commission” means a redevelopment commission appointed under IC 36-7-14-6.1, a metropolitan development commission acting as the redevelopment commission of a consolidated city subject to IC 36-3-4-23, or a fiscal body of a unit that declares an economic development district under IC 6-1.1-39-2. The term redevelopment commission refers to all of these entities unless the context indicates otherwise. (*Department of Local Government Finance; 50 IAC 8-1-19; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1354*)

50 IAC 8-1-20 “Tax increment” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 20. As used in this article, “tax increment” means the property taxes generated from the captured assessment. (*Department of Local Government Finance; 50 IAC 8-1-20; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1354*)

50 IAC 8-1-21 “Uncaptured assessment” defined

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 21. As used in this article, “uncaptured assessment” means the amount of potential captured assessment which the redevelopment commission does not use to generate tax increment. (*Department of Local Government Finance; 50 IAC 8-1-21; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1354*)

Rule 2. Determination and Use of Tax Increment

50 IAC 8-2-1 Summary of rule

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1
Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 1. This rule applies to the establishment of allocation areas by redevelopment commissions and to the generation and use

of tax increment in those areas. The following subject areas will be addressed by these rules:

- (1) Section 2 of this rule addresses the designation of the geographical boundaries of an allocation area by the redevelopment commission, the findings that must be made before an allocation area is designated, and the determination whether the program includes allocation area personal property.
- (2) Section 3 of this rule addresses the effect on the base assessment of a change of the size of an allocation area or a change of the base assessment date.
- (3) Section 4 of this rule addresses the calculation of the potential captured assessment and the captured assessment.
- (4) Section 5 of this rule addresses the application of the property tax rate of each taxing unit to the assessed valuation of the taxing unit both within and without the allocation area.
- (5) Section 6 of this rule describes the application of the PTR credit, the additional credit, and the housing program credit.
- (6) Sections 7 through 8 of this rule describe the records that the county auditor must keep when there is not, and when there is, tax increment.
- (7) Sections 9 through 10 of this rule are examples of the apportionment of individual assessments under a program that includes only real property and under a program that includes both real and personal property.
- (8) Section 11 [of this rule] addresses the method for determining captured assessments when less than the full amount of potential captured assessment is required to generate the needed tax increment.
- (9) Section 12 of this rule describes the adjustments that the state board of tax commissioners must make after a general reassessment of real property.
- (10) Section 13 of this rule describes the permissible uses of tax increment by the redevelopment commission.

(Department of Local Government Finance; 50 IAC 8-2-1; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1354)

50 IAC 8-2-2 Allocation area designation

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-1-3; IC 36-7-14; IC 36-7-15.1

Sec. 2. (a) A redevelopment commission that designates an allocation area or amends an area declaration must immediately notify the state board of tax commissioners of the designation.

(b) This subsection applies only to redevelopment commissions established under IC 36-7-14 and metropolitan development commissions acting as redevelopment commissions. A redevelopment commission declares an area to be blighted under IC 36-7-14-15 or IC 36-7-15.1-8 by adopting a resolution. The commission may designate an allocation area in the same resolution. A redevelopment commission may also amend a prior resolution that declared a blighted area to add an allocation area by following the same procedure contained in IC 36-7-14-15 through IC 36-7-14-18 or IC 36-7-15.1-8 through IC 36-7-15.1-11. An allocation area may also be created in an economic development area established under IC 36-7-14-41 or IC 36-7-15.1-29. In order for a redevelopment commission to be eligible to include taxes imposed on allocation area personal property in the tax increment finance program, it must have adopted a resolution before June 1, 1987, to include taxes imposed on depreciable personal property that has a useful life in excess of eight (8) years (personal property reportable on Total Pool 3 line 40 and Total Pool 4 line 55 on Form 103, Long Form). If such a resolution was adopted before that date, the redevelopment commission may adopt a new resolution to include a percentage of taxes imposed on all allocation area personal property in the tax increment finance program. That percentage may not exceed twenty-five percent (25%). If the redevelopment commission fails to adopt a new resolution, then no personal property taxes are included in the program.

(c) This subsection applies only to redevelopment commissions established under IC 36-7-14 and metropolitan development commissions acting as redevelopment commissions. In order to declare a blighted area, the redevelopment commission must find that the area meets the definition in IC 36-7-1-3, that the area has become blighted to an extent that it cannot be corrected by regulatory processes, or by the ordinary operations of private enterprise without resort to the provisions of IC 36-7-14 or IC 36-7-15.1, and that the public health and welfare will be benefited by the acquisition and redevelopment of the area. The redevelopment commission may declare any part of the blighted area as an allocation area. Given the statutes' use of the term "blighted" and the finding that must be made before a redevelopment commission may adopt a declaratory resolution, the declaration of a blighted area may include only a limited area. In the typical situation, the geographic description uses city streets or similar boundaries to carve out from a political subdivision only that portion that is truly blighted. It is unlikely that the boundaries of the blighted area coincide with those of a city or any other political subdivision.

(d) This subsection applies only to redevelopment commissions established under IC 36-7-14 and metropolitan development commissions acting as redevelopment commissions. In order to implement tax increment finance in an economic development area, the redevelopment commission must find that the area meets the following:

- (1) That the plan for the economic development area:
 - (A) promotes significant opportunities for the gainful employment of its citizens;
 - (B) attracts a major new business enterprise to the unit;
 - (C) retains or expands a significant business enterprise existing in the boundaries of the unit; or
 - (D) meets other purposes of IC 36-7-14-2.5, IC 36-7-14-41, IC 36-7-15.1-28 through IC 36-7-15.1-30.
- (2) That the plan for the economic development area cannot be achieved by regulatory processes or by the ordinary operation of private enterprise without resorting to the powers allowed under IC 36-7-14-41, IC 36-7-14-43, IC 36-7-15.1-28 through IC 36-7-15.1-30 because of:
 - (A) lack of local public improvement;
 - (B) existence of improvements or conditions that lower the value of the land below that of nearby land;
 - (C) multiple ownership of land; or
 - (D) other similar conditions.
- (3) That the public health and welfare will be benefited by accomplishment of the plan for the economic development area.
- (4) That the accomplishment of the plan for the economic development area will be a public utility and benefit as measured by:
 - (A) attraction or retention of permanent jobs;
 - (B) increase in the property tax base;
 - (C) improved diversity of the economic base; or
 - (D) other similar public benefits.
- (5) That the plan for the economic development area conforms to other development or redevelopment plans for the unit (the comprehensive plan of development in the case of a consolidated city).

(e) This subsection applies only to a metropolitan development commission acting as a redevelopment commission. In order to implement tax increment finance in an allocation area established under IC 36-7-15.1-32 with respect to a program for housing, the commission must find the following:

- (1) That the program meets the purposes of IC 36-7-15.1-31.
- (2) That the program cannot be accomplished by regulatory processes or by the ordinary operation of private enterprise because of:
 - (A) lack of public improvements;
 - (B) existence of improvements or conditions that lower the value of the land below that of nearby land; or
 - (C) other similar conditions.
- (3) That the public health and welfare will be benefited by accomplishment of the program.
- (4) That the accomplishment of the program will be of public utility and benefit as measured by:
 - (A) provision of adequate housing for low and moderate income persons;
 - (B) increase in the property tax base; or
 - (C) other similar public benefits.
- (5) That at least one-third (1/3) of the parcels in the allocation area established by the program are vacant.
- (6) That at least three-fourths (3/4) of the allocation area is used for residential purposes or is planned to be used for residential purposes.
- (7) That at least one-third (1/3) of the residential units in the allocation area were constructed before 1941.
- (8) That at least one-third (1/3) of the parcels in the allocation area have one (1) or more of the following characteristics:
 - (A) The dwelling unit on the parcel is not permanently occupied.
 - (B) The parcel is the subject of a governmental order, issued under a statute or ordinance, requiring the correction of a housing code violation or unsafe building condition.
 - (C) Two (2) or more property tax payments on the parcel are delinquent.
 - (D) The parcel is owned by local, state, or federal government.

(f) In order to implement tax increment finance in an economic development district declared under IC 6-1.1-39, the fiscal body of the unit must find the following:

(1) That in order to promote opportunities for the gainful employment of its citizens, the attraction of a new business enterprise to the unit, the retention or expansion of a business enterprise existing within the boundaries of the unit, or the preservation or enhancement of the tax base of the unit, an area under the fiscal body's jurisdiction should be declared an economic development district.

(2) That the public health and welfare of the unit will be benefited by designating the area as an economic development district.

(3) That there has been proposed a qualified industrial development project to be located in the economic development district, with the proposal supported by:

(A) financial and economic data; and

(B) preliminary commitments by business enterprises, associations, state or federal governmental units, or similar entities that evidence a reasonable likelihood that the proposed qualified industrial development project will be initiated and accomplished.

(g) A tax increment finance program in an economic development district declared under IC 6-1.1-39 may include any part of the property taxes imposed on depreciable personal property that the taxing unit has by ordinance allocated to the district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives. The limitation must instead be stated as a percentage of the assessed value of the personal property. If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under IC 6-1.1-39-5(g)(2).

(h) It is unlikely that the boundaries of an economic development area, of an allocation area established under IC 36-7-15.1-32 with respect to a program for housing, or of an economic development district declared under IC 6-1.1-39-2 will coincide with those of a city or any other political subdivision. The declaration of an extensive area might violate the enabling statutes and might cause severe problems in administering the tax increment finance program. The greater the number of parcels of allocation area real property (and returns of allocation area personal property if it is part of the program), the greater is the difficulty in determining the potential captured assessment. (*Department of Local Government Finance; 50 IAC 8-2-2; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1355; errata filed Sep 5, 1989, 3:20 p.m.: 13 IR 87*)

50 IAC 8-2-3 Allocation area changes; required information

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1-10.5; IC 36-7-15.1-26.1

Sec. 3. (a) The redevelopment commission must, before the first March 1 after the base assessment date, file with the county auditor a copy of the allocation area map, the confirmed resolution adopted by the redevelopment commission, lists of parcel identification numbers of real property in the allocation area, and names of owners of depreciable personal property in the allocation area (if personal property is included in the program). The redevelopment commission must file with the county auditor the same information before the March 1 that next follows the adoption of a resolution that increases the size of an allocation area. If a redevelopment commission changes the base assessment date in an allocation area, it must, before March 1 that next follows the adoption of the resolution changing the base assessment date, file a copy of the resolution adopted by the redevelopment commission with the county auditor. The county auditor must maintain a yearly record of assessed valuation of allocation area real and personal property as it is affected by the computations described in sections 7 through 10 of this rule.

(b) If the redevelopment commission changes the base assessment date, the base assessment is determined as of the new base assessment date. Except as provided in IC 36-7-15.1-10.5 and IC 36-7-15.1-26.1 with respect to a metropolitan development commission, a redevelopment commission can adopt a resolution to change the base assessment date by using the same procedures for adoption of an allocation area resolution.

(c) If the redevelopment commission adopts a resolution to increase the size of an allocation area, the base assessment is determined for the added area as if it were a separately declared allocation area.

(d) If the redevelopment commission adopts a resolution to merge or consolidate existing allocation areas, the base assessment and base assessment date remain the same as they were before the merger or consolidation. However, the redevelopment commission may, in that resolution, designate a later base assessment date for any of the allocation areas that are merged or consolidated under the resolution. Before the March 1 that next follows the adoption of the resolution that consolidates existing allocation areas, the

redevelopment commission must file with the county auditor a copy of the merger or consolidation resolution. (*Department of Local Government Finance; 50 IAC 8-2-3; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1357*)

50 IAC 8-2-4 Allocation of assessed value

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14-39; IC 36-7-15.1

Sec. 4. (a) For purposes of this section, obligations of a redevelopment commission are considered to include the payment of all obligations payable from tax increment as described in section 13 of this rule, and the funding of all accounts and reserves that might be required under a contract with bondholders or with lessors in lease financings.

(b) For purposes of the collection of tax increment in a particular year, all of the potential captured assessment is captured assessment unless the redevelopment commission notifies the county auditor by July 15 of the immediately preceding year to use only part of the potential captured assessment as captured assessment. This notice applies only to that particular year. The captured assessment may not exceed the potential captured assessment.

(c) Potential captured assessment may be captured only if tax increment is needed to satisfy obligations of the redevelopment commission. The redevelopment commission must determine before July 15 of each year whether the sum of the balance in the allocation fund plus estimated future investment earnings on that balance is sufficient to satisfy its obligations over the terms of those obligations. If so, the commission shall notify the county auditor by July 15 that no tax increment will be required in the following year, and that it is not necessary for any of the potential captured assessment to be captured. (However, see section 13(g) of this rule concerning the payment of collections to enterprise zone funds.) The redevelopment commission shall give the notice described in subsection (b) if it determines that capture of a portion of the potential captured assessment will result in a balance in the allocation fund in the following year that, when combined with future investment earnings on that balance and the resultant tax increment to be collected in the following year, will be sufficient to satisfy its obligations over the terms of those obligations.

(d) The redevelopment commission should consider giving the notice described in subsection (b) whenever it appears that the use of the entire potential captured assessment as captured assessment would generate more tax increment than will be needed to meet the obligations of the redevelopment commission. For purposes of determining the amount of potential captured assessment that will be captured, the redevelopment commission must consider the effect that the determination will have on the property tax rate in the taxing district in which the allocation area is located. The greater the amount of the potential captured assessment that is captured, the higher the tax rate and the tax increment will be.

(e) This subsection applies if notice has been given under subsection (b). To estimate the amount of potential captured assessment to be captured, the amount of tax increment that the redevelopment commission determines should be collected in the following year is divided by an estimate of the tax rate for the following year in the taxing district in which the allocation area is located. The estimate of the tax rate can be based on the current year's tax rate, with adjustments for changes for the following year that will be caused by factors such as the addition or elimination of debt service or a cumulative fund by one (1) or more of the taxing units that are part of the taxing district. The determination must also take into account the percentage of tax increment billed that is expected to be collected, any applicable percentage of additional credit or housing program credit, and any credits to be paid to taxpayers under IC 36-7-14-39(b)(2)(I). The redevelopment commission should determine the captured assessment in consultation with the county auditor, and must determine the captured assessment in an amount that will ensure that the redevelopment commission will receive tax increment sufficient to pay its obligations that are payable from tax increment. The county auditor must report any uncaptured assessment to the taxing units in which the allocation area is located by August 1.

Example

Desired tax increment = \$10,000

Estimated tax rate = \$8 (.08)

Estimated collection rate = 95%

Additional credit percentage = 15%

(1) In order to collect ten thousand dollars (\$10,000), taxes billed must be $\$10,000/.95 = \$10,526$.

(2) In order to bill ten thousand five hundred twenty-six dollars (\$10,526), gross taxes (taxes before application of the additional credit) must be $\$10,526/.85 = \$12,384$.

(3) The amount of potential captured assessment to be captured in order to reflect gross taxes of twelve thousand three hundred eighty-four dollars (\$12,384) is $\$12,384/.08 = \$154,800$.

(f) The sum of the uncaptured assessment and the base assessment equals the current base assessment. The current base assessment is subject to taxation by the taxing units and is used in calculating the property tax rates of the taxing units. (*Department of Local Government Finance; 50 IAC 8-2-4; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1357*)

50 IAC 8-2-5 Application of tax rate

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 5. The property tax rate established for each taxing unit in which the allocation area is located is applied to the aggregate assessed value of the property located outside of the allocation area and the current base assessment as calculated under section 4 of this rule. The resulting property taxes are collected for the benefit of the taxing unit. The captured assessment is subject to the combined property tax rates of the taxing units in which the allocation area is located. The resulting tax increment is collected for the benefit of the allocation area. (*Department of Local Government Finance; 50 IAC 8-2-5; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1358*)

50 IAC 8-2-6 PTR credit; additional credit; housing program credit

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-21; IC 6-1.1-39; IC 8-22-3.5; IC 36-1-10; IC 36-7-14-39.5; IC 36-7-15.1-17.1; IC 36-7-15.1-35

Sec. 6. (a) In an allocation area established in an economic development district under IC 6-1.1-39, the PTR credit applies to property taxes on the current base assessment individual components and to tax increment if the district was established before January 1, 1988, and if the application of the credit was approved by the department of commerce before that date. In all other allocation areas, the PTR credit applies to property taxes on the current base assessment individual components, but not to tax increment.

(b) The additional credit applies to tax increment (except in Marion County and Fort Wayne). Upon the recommendation of the redevelopment commission, the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) may, by resolution, provide that the additional credit does not apply in a specified allocation area, or that it is to be reduced by a uniform percentage for all taxpayers in a specified allocation area. Such a resolution first applies to property taxes payable in the year following the year of adoption of the resolution. Whenever a municipal legislative body or county executive determines that application of the full additional credit would adversely affect the interests of the holders of bonds or other contractual obligations payable from tax increment in a way that would create a reasonable expectation that those bonds or other obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. Such a resolution may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due.

(c) A housing program credit applies to tax increment in Marion County if the city-county legislative body establishes the credit by ordinance. The credit first applies to property taxes payable in the year following the year of adoption of the ordinance. In addition to the ordinance by the legislative body, the redevelopment commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under IC 36-7-15.1-17.1 or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

(d) The redevelopment commission may adopt a resolution to prorate the housing program credit among all taxpayers if the tax increment is insufficient to grant the credit in full. Such a resolution first applies to property taxes payable in the year following the year of adoption of the resolution.

(e) In order to ensure that a resolution to eliminate or reduce the additional credit or the housing program credit can be

reflected in tax bills in a particular year, the resolution must be adopted by November 15 of the preceding year. The redevelopment commission must immediately notify the county auditor of the adoption. (*Department of Local Government Finance; 50 IAC 8-2-6; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1358*)

50 IAC 8-2-7 No tax increment; records

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 7. With respect to any year in which an allocation area is in place but there is no captured assessment, the entire allocation area assessment is subject to taxation by the taxing units in which the allocation area is located, and the PTR credit applies to all of the taxes on that assessment in the same manner that it applies to other property taxes imposed by the taxing units. Because there is no tax increment, there is no additional credit or housing program credit. The county auditor must record the aggregate change in assessed value from the base assessment date of all real property in the allocation area and any personal property in the allocation area that is part of the tax increment finance program. Each year that such a record is required, the county auditor shall provide the record to each taxing unit in which the allocation area is located in order to allow the units to evaluate the potential effect on their tax rates in any later year when the redevelopment commission requires tax increment. The county auditor shall also provide the record to the redevelopment commission. (*Department of Local Government Finance; 50 IAC 8-2-7; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1359*)

50 IAC 8-2-8 Tax increment; records

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 8. (a) With respect to any year in which an allocation area is in place and there is captured assessment, only the current base assessment is taxed by the taxing units in which the allocation area is located. The PTR credit applies to taxes on the current base assessment individual components in the same manner that it applies to taxes on property in the taxing district outside the allocation area. The PTR credit also applies to taxes on captured assessment individual components in an economic development district declared under IC 6-1.1-39 if the district was established before January 1, 1988, and if the application of the credit was approved by the department of commerce before that date. If the additional credit (not applicable in Marion County or Fort Wayne) or the housing program credit (applicable only in Marion County) is in place (see section 6 of this rule), the credit applies to taxes on the captured assessment individual components. If the percentage of credit on taxes on the current base assessment individual components differs from the percentage of credit on taxes on the captured assessment individual components, then those components must be determined with respect to each parcel of allocation area real property and any returns of allocation area personal property. If the percentage of credit on taxes on both components is the same, then the amounts of these components must be determined only with respect to parcels or returns on which taxes are wholly or partially delinquent in order to determine the allocation of taxes between the redevelopment commission and the taxing units. (This also applies in an economic development district declared under IC 6-1.1-39.)

(b) If a determination of the amounts of the current base assessment individual components and the captured assessment individual components is required as described in subsection (a), the county auditor must first perform the apportionment to restore the base assessment described in section 9 or 10 of this rule. This determines the portion of the assessed value of each parcel of allocation area real property and of each return of personal property (if applicable) that is considered part of the base assessment, and the portion that is the potential captured assessment individual component. If all of the potential captured assessment is needed by the redevelopment commission to generate the tax increment, then each portion of an assessment that is determined under section 9 or 10 of this rule to be part of the base assessment equates to the current base assessment individual component, and each portion that is determined to be a potential captured assessment individual component equates to the captured assessment individual component. However, if the redevelopment commission does not use the full potential captured assessment (see section 4(c) through 4(d) of this rule), then apportionment under section 11 of this rule must be performed to determine the amounts of the current base assessment individual components and the captured assessment individual components.

(c) If a determination of the amounts of all current base assessment individual components and captured assessment individual components is not required as described in subsection (a), then it is necessary to determine the amounts of these components only

with respect to parcels or returns on which taxes are wholly or partially delinquent. This subsection outlines the minimum number of calculations necessary to make that determination. The aggregate decreases of assessed value of all parcels of allocation area real property and all returns of allocation area personal property must be determined. This figure is added to the remainder of the base assessment subtracted from the current year's assessed value of all allocation area real and personal property, which results in the aggregate increase of assessed value of all parcels and returns. The aggregate increases are then divided by the aggregate decreases to determine the percentage of the assessment of each parcel on which taxes are wholly or partially delinquent that is the potential captured assessment individual component. (Then determine captured.) (*Department of Local Government Finance; 50 IAC 8-2-8; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1359*)

50 IAC 8-2-9 Apportionment; real property example

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 9. This section addresses the apportionment to restore the base assessment that might be required as described in section 8 of this rule. (This is required only if the percentage of credit on taxes on the current base assessment individual components differs from the percentage of credit on taxes on the captured assessment individual components.) This section deals with a tax increment finance program that includes only real property. If the current year's assessed value of some of the parcels of allocation area real property is lower than it was on the base assessment date, then those lower assessed values must be compared with the assessed values of parcels whose current year's assessed value is higher than it was on the base assessment date. From the assessed value of the parcels whose assessed value is higher than it was on the base assessment date, an amount must be apportioned to restore the base assessment. The base assessment is restored by adding the amount apportioned with respect to each such parcel to the original base assessment individual real property component of that parcel. The apportionment is in the proportion that the amount of the aggregate decreases in the assessed valuation of allocation area real property from the base assessment date to the current assessment date bears to the amount of the aggregate increases in the assessed valuation of allocation area real property from the base assessment date to the current assessment date.

Example

- (1) Base assessment date is March 1, 1986.
- (2) There are five (5) parcels of allocation area real property.
- (3) AV = assessed valuation.

		TABLE 1			
Parcel	#	<u>3/1/86 AV</u>	<u>3/1/88 AV</u>	<u>Increases</u>	<u>Decreases</u>
	#1	\$10,000	\$20,000	+ \$10,000	
	#2	20,000	5,000		- \$15,000
	#3	12,000	38,000	+ 26,000	
	#4	6,000	3,000		- 3,000
	#5	<u>15,000</u>	<u>15,000</u>		
		\$63,000	\$81,000	+ \$36,000	- \$18,000

- (4) The AV of all allocation area real and personal property in 1986 is sixty-three thousand dollars (\$63,000) (base assessment).
- (5) The AV of all allocation area real property in 1988 is eighty-one thousand dollars (\$81,000). The potential captured assessment in 1988 is \$81,000 - \$63,000 = \$18,000.
- (6) Table 2 lists the current AV of the original base assessment individual real property components.

		TABLE 2	
		1988 AV of the Original Base Assessment Individual Real Property Components	
Parcel	#		
	#1	\$10,000	
	#2	5,000	
	#3	12,000	
	#4	3,000	
	#5	<u>15,000</u>	

\$45,000

(7) The taxing units are actually entitled to tax AV in the amount at least equal to the base assessment, which was sixty-three thousand dollars (\$63,000). Therefore, there must be an apportionment to the taxing units of part of the increases that occurred between 1986 and 1988 with respect to Parcels #1 and #3 in order to assign to the taxing units an additional eighteen thousand dollars (\$18,000) from those increases to restore the base assessment. The apportionment is in the proportion that aggregate decreases in assessed valuation of allocation area real property from 1986 to 1988 (eighteen thousand dollars (\$18,000)) bears to the aggregate increases in assessed valuation of allocation area real property from 1986 to 1988 (thirty-six thousand dollars (\$36,000)). Therefore, the percentage of the increase in assessed valuation of each real property parcel whose AV is greater in 1988 than it was in 1986 that is assigned to restore the base assessment is fifty percent (50%) ($\$18,000/\$36,000 = 50\%$).

TABLE 3

	AV Increase 1986 to 1988		Apportionment Percentage	=	Assigned to Taxing Units to Restore the Base Assessment
Parcel #1	\$10,000	×	50%	=	\$5,000
#3	26,000	×	50%	=	<u>13,000</u>
					\$18,000

(8) The additional eighteen thousand dollars (\$18,000) assigned to the taxing units to restore the base assessment of sixty-three thousand dollars (\$63,000) is obtained by assigning five thousand dollars (\$5,000) from the Parcel #1 increase and thirteen thousand dollars (\$13,000) from the Parcel #3 increase. With respect to each parcel of allocation area real property, the following AV's (listed in the "Total" column) are considered part of the base assessment and are taxable by the taxing units in the same manner as property located outside of the allocation area:

TABLE 4

	1988 AV of the Original Base Assessment Individual Real Property Components		Apportionment of Increase from 1986 to 1988	=	Total
Parcel #1	\$10,000	+	\$5,000	=	\$15,000
#2	5,000				5,000
#3	12,000	+	13,000	=	25,000
#4	3,000				3,000
#5	15,000				15,000
	<u>\$45,000</u>		<u>\$18,000</u>		<u>\$63,000</u>

(9) The remainder of the increases in AV from 1986 to 1988 are considered to be potential captured assessment. The potential captured assessment individual components are as follows:

TABLE 5

	AV Increase 1986 to 1988		Apportioned to Taxing Units	=	Remainder
Parcel #1	\$10,000	-	\$5,000	=	\$5,000
#3	26,000	-	13,000	=	13,000
	<u>\$36,000</u>		<u>\$18,000</u>		<u>\$18,000</u>

(10) The AV taxable by the taxing units under Table 4 (sixty-three thousand dollars (\$63,000)) plus the AV taxable by the redevelopment district under Table 5 (eighteen thousand dollars (\$18,000)) equals the total March 1, 1988 AV (eighty-one thousand dollars (\$81,000)).

(Department of Local Government Finance; 50 IAC 8-2-9; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1360)

50 IAC 8-2-10 Apportionment; real and personal property example

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 10. (a) This section addresses the apportionment to restore the base assessment that might be required as described in section 8 of this rule. (This is required only if the percentage of credit on taxes on the current base assessment individual components differs from the percentage of credit on taxes on the captured assessment individual components.) This section deals with a tax increment finance program that includes both real and personal property. (See section 2(b) of this rule concerning the limited circumstances under which personal property may be included in the program.) For purposes of this subsection, it is assumed that the redevelopment commission has adopted a resolution to include twenty-five percent (25%) of depreciable personal property in

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the tax increment finance program under section 2(b) of this rule and that the base assessment date precedes March 1, 1988. The inclusion of personal property requires consideration of additional factors in the computation of the potential captured assessment. As described in section 9 of this rule, if the assessed values of some of the parcels of allocation area real property are higher than they were on the base assessment date, then the increases may be apportioned, if necessary, to restore the base assessment. Any increases that are not used to restore the base assessment become part of the potential captured assessment.

(b) With respect to each personal property return that includes allocation area personal property, the assessed value of the property on the return as of the base assessment date must be compared to the assessed value of that property on the return as of the assessment date of the current year. If seventy-five percent (75%) of the assessed value as of the current assessment date is equal to or greater than the assessed value as of the base assessment date, then the full remaining twenty-five percent (25%) may be apportioned, if necessary, to restore the base assessment. If seventy-five percent (75%) of the assessed value as of the current assessment date is less than the assessed value as of the base assessment date, then any positive remainder obtained by subtracting the assessed value as of the base assessment date from the assessed value as of the current assessment date may be apportioned, if necessary, to restore the base assessment. In both cases, any amounts available to restore the base assessment that are not used for that purpose become part of the potential captured assessment.

(c) Restoration of the base assessment is required when the following amount is less than the base assessment:

- (1) the sum of the assessed value as of the current year of all original base assessment individual real property components; plus
- (2) the aggregate of the remaining current year assessed value of allocation area personal property after subtracting any portion of the assessed value that is available to restore the base assessment as described in subsection (b).

Example

- (1) Base assessment date is March 1, 1986.
- (2) There are three (3) parcels of allocation area real property and three (3) returns that include allocation area personal property.
- (3) AV = assessed valuation.

		<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Parcel	A	\$10,000	\$24,000	(1) \$14,000	(1) \$10,000
	B	20,000	5,000		5,000
	C	12,000	18,000	6,000	12,000
Personal Property					
Return	X	12,000	16,000	(2) 4,000	(2) 12,000
	Y	9,000	6,000	(3) -0-	6,000
	Z	10,000	12,000	2,000	10,000
		\$73,000	\$81,000	(4) \$26,000	(3) \$55,000
		<u>Column 5</u>	<u>Column 6</u>	<u>Column 7</u>	
Parcel	A	$\$14,000 \times .6923 =$	\$9,692	(1) \$19,692	(1) \$4,308
	B			5,000	
	C	$6,000 \times .6923 =$	4,154	16,154	1,846
Personal Property					
Return	X	$4,000 \times .6923 =$	2,769	(2) 14,769	1,231
	Y			6,000	
	Z	$2,000 \times .6923 =$	1,385	11,385	615
			\$18,000	\$73,000	(2) \$8,000

Column 1

March 1, 1986 AV of all parcels of allocation area real property and returns of allocation area personal property. The total of Column 1 is the base assessment.

Column 2

March 1, 1988 AV of all parcels of allocation area real property and returns of allocation area personal property.

Column 3

- (1) Increases in the AV of allocation area real property from 1986 to 1988 (Parcels A and C).
- (2) Twenty-five percent (25%) of Column 2 if seventy-five percent (75%) of Column 2 is equal to or greater than Column 1 (Return X).
- (3) If seventy-five percent (75%) of Column 2 is less than Column 1, then the remainder of Column 2 minus Column 1 (not less

than zero (0)) is listed in Column 3 (Returns Y and Z).

(4) The total of Column 3 is the amount available to restore the base assessment.

Column 4

(1) The original base assessment individual real property components as of March 1, 1988 (all parcels).

(2) With respect to each personal property return, the remainder of the current year AV of allocation area personal property (from Column 2) minus the amount of AV that is available to restore the base assessment (from Column 3).

(3) The total of Column 4 is the amount of AV that is taxable by the taxing units in which the allocation area is located unless that total is less than the base assessment (total of Column 1). The remainder of the total of Column 1 minus the total of Column 4 (\$73,000 - \$55,000 = \$18,000) must be restored from the amount of AV available for that purpose under Column 3 (twenty-six thousand dollars (\$26,000)).

Column 5

From each amount in Column 3, a percentage is used for restoration of the base assessment. The percentage is the amount to be restored (the total of Column 1 minus the total of Column 4) divided by the amount available for that purpose from Column 3 (\$18,000/\$26,000 = 69.23% or .6923).

Column 6

(1) With respect to each parcel of real property, the sum of:

(A) the original base assessment individual real property components as of March 1, 1988, from Column 4(1); plus

(B) the portion of any real property AV increase from Column 3(1) that is computed for restoration of the base assessment under Column 5.

(2) With respect to each personal property return, the sum of:

(A) the amount of AV listed in Column 4(2); plus

(B) the portion of the AV from Column 3(2) and 3(3) that is computed for restoration of the base assessment under Column 5.

Note: With respect to each parcel and each return, the amount listed in Column 6 is the amount of the 1988 AV that is taxable by the taxing units in which the allocation area is located.

(3) The total of Column 6 is the restored base assessment.

Column 7

(1) Potential captured assessment individual components (all parcels and returns).

(2) Potential captured assessment. (*Department of Local Government Finance; 50 IAC 8-2-10; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1362*)

50 IAC 8-2-11 Determination of captured assessments

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1-39; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 11. If pursuant to section 4 of this rule, it is determined that not all of the potential captured assessment is required in order to generate the needed tax increment, then there is a proportional decrease in the potential captured assessment individual components in order to determine the captured assessment individual components. Using the example from section 9 of this rule, if the redevelopment commission only uses twelve thousand dollars (\$12,000) of assessed value instead of the entire amount of the potential captured assessment (eighteen thousand dollars (\$18,000)), the captured assessment individual components are as follows:

Parcel	#	Proportion of AV Taxable by Redevelopment District	×	Uncaptured AV	=	Adjustment	Taxable by Taxing Units	Captured Assessment Individual Components
	#1	(\$ 5,000/\$18,000)	×	\$6,000	=	\$1,666.7	\$16,666.7	\$ 3,333.3
	#3	(\$13,000/\$18,000)	×	\$6,000	=	\$4,333.3	\$29,333.3	\$ 8,666.7
						\$6,000		\$12,000

(*Department of Local Government Finance; 50 IAC 8-2-11; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1363*)

50 IAC 8-2-12 Reassessment adjustments

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 6-1.1; IC 8-22-3.5; IC 36-7-14; IC 36-7-15.1

Sec. 12. (a) For purposes of this section, “adequate potential captured assessment” means an amount of potential captured assessment that is sufficient to produce tax increment that equals or exceeds the amount that would have been produced if the general reassessment had not occurred.

(b) The state board of tax commissioners is required to adjust the base assessment one (1) time to neutralize any effect of a general reassessment on the tax increment. The adjustment does not include the effect of property tax abatements under IC 6-1.1-12.1. This section establishes the guidelines for the adjustment.

(c) The state board of tax commissioners will determine a tentative new base assessment under this subsection only if it receives before August 1 of a year in which a general reassessment of real property first becomes effective, an estimate under IC 6-1.1-17-1 of the amount of assessed valuation in the political subdivisions of a county in which an allocation area is located. For that year, the board will determine two (2) quotients with respect to each allocation area. The first is the quotient of the gross assessed valuation of all real property in the allocation area as of March 1 of the current year divided by the gross assessed valuation of all real property in the allocation area as of March 1 of the immediately preceding year. The second quotient results from the same calculation using the gross assessed valuation of real property in the county. The lesser of the two (2) quotients obtained with respect to each allocation area will be multiplied by the base assessment for the allocation area. That product will be the tentative new base assessment if the board determines that there is adequate potential captured assessment. If there is not adequate potential captured assessment, the board will adjust the base assessment to arrive at a tentative new base assessment that will result in an adequate potential captured assessment. The board will notify the county auditor, who shall notify the fiscal body of each affected taxing unit of the tentative new base assessment, which can be used to project property tax rates for the following year.

(d) The board will determine the new base assessment for each taxing unit by January 15 of the year following the year in which a general reassessment of real property first becomes effective. The board will use the same procedure for this adjustment that is used to determine the tentative new base assessment under subsection (c). The board will use the new base assessment in certifying the tax rates of the taxing units under IC 6-1.1-17-16.

(e) The board will use the best assessed valuation information available at the time it makes an adjustment to the base assessment under subsection (c) or (d). In making the adjustments, the board will exclude from consideration any assessed valuation of allocation area real property that is subject to appeal under IC 6-1.1-15. After the final resolution of such an appeal, the board will adjust the new base assessment considering any assessed valuation that had previously been excluded under this subsection. *(Department of Local Government Finance; 50 IAC 8-2-12; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1363; errata filed Sep 5, 1989, 3:20 p.m.: 13 IR 87)*

50 IAC 8-2-13 Tax increment; use

Authority: IC 6-1.1-39; IC 36-7-14; IC 36-7-15.1

Affected: IC 4-4-6.1; IC 4-4-8; IC 6-1.1-39-2; IC 8-22-3.5; IC 36-1-10; IC 36-7-14; IC 36-7-15.1

Sec. 13. (a) Tax increment in an allocation area established under IC 36-7-14 or IC 36-7-15.1, or in an economic development area, is paid into an allocation fund that may be used only to do one (1) or more of the following:

- (1) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.
- (2) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.
- (3) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under IC 36-7-14-27 or IC 36-7-15.1-19.
- (4) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements in that allocation area or serving the allocation area in counties other than Marion County.
- (5) Pay premiums on the redemption before maturity of bonds payable solely or in part from the tax increment in that allocation area.
- (6) Make payments on leases payable from tax increment in that allocation area under IC 36-7-14-25.2 or IC 36-7-15.1-17.1.

(7) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in IC 36-7-14-25.1(a) or IC 36-7-15.1-17(a)) in that allocation area or serving the allocation area in counties other than Marion County.

(8) Reimburse the unit for rentals paid by it for a building or parking facility in that allocation area or serving the allocation area in counties other than Marion County under any lease entered into under IC 36-1-10.

(9) In counties other than Marion County, pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. The amount of the credit is determined under IC 36-7-14-39(b)(2)(I). (This is a credit that is paid to taxpayers from collected tax increment, unlike the additional credit and the housing program credit which reduce the tax increment collected.)

(b) Tax increment in an allocation area established under IC 36-7-15.1-32 with respect to a program for housing is paid into a special fund that may be used only for purposes related to the accomplishment of the program, including the following:

(1) The construction, rehabilitation, or repair of residential units within the allocation area.

(2) The construction, reconstruction, or repair of infrastructure (such as streets, sidewalks, and sewers) within or serving the allocation area.

(3) The acquisition of real property and interests in real property within the allocation area.

(4) The demolition of real property within the allocation area.

(5) To provide financial assistance to enable individuals and families to purchase or lease residential units within the allocation area. However, financial assistance may be provided only to those individuals and families whose income is at or below the county's median income for individuals and families, respectively.

(6) To provide financial assistance to neighborhood development corporations to permit them to provide financial assistance for the purposes described in subdivision (5).

(7) To provide each taxpayer in the allocation area a credit for property tax replacement as determined under IC 36-7-15.1-35 (c) through IC 36-7-15.1-35 (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided. (This is a credit that is paid to taxpayers from collected tax increment, unlike the additional credit and the housing program credit which reduce the tax increment collected.)

(c) Tax increment in an economic development district declared under IC 6-1.1-39-2 is paid into a special fund that may be used only to pay the principal of and interest on obligations owed by the unit under IC 4-4-8 for the financing of industrial development programs in, or serving, that economic development district.

(d) The allocation fund or special fund may not be used for the operating expenses of the redevelopment commission.

(e) A unit may be reimbursed under subsection (a)(7) or (a)(8) only for expenditures that qualify under that subsection and that were made after the adoption of the resolution in which the allocation area was declared. Supervisory expenses related to redevelopment projects in the allocation area that are paid to individuals retained to supervise such projects qualify as expenditures for which reimbursement can be made.

(f) Except as provided in subsection (g), the redevelopment commission shall direct the county auditor to pay to the taxing units in which the allocation area is located any part of the tax increment in excess of the amount that will be used in the following year to meet the obligations of the redevelopment commission (including the funding of all accounts and reserves that might be required under a contract with bondholders).

(g) For these allocation areas governed by IC 36-7-14, if any part of the allocation area is located in an enterprise zone created under IC 4-4-6.1, then the taxing unit that designated the allocation area shall create a special zone fund and the redevelopment commission may not direct the county auditor to pay excess amounts to the taxing units. The county auditor shall deposit in the special zone fund incremental tax proceeds that exceed the amount needed for payments described in subsection (a). The special zone fund is used for certain programs related to the enterprise zone. (*Department of Local Government Finance; 50 IAC 8-2-13; filed Jan 30, 1989, 3:30 p.m.: 12 IR 1364*)

ARTICLE 9. CAPITAL PROJECTS FUND

Rule 1. Administration of Capital Projects Fund

50 IAC 9-1-1 Purpose

Authority: IC 21-2-15
Affected: IC 21-2-15

Sec. 1. The purpose of this rule is to prescribe definitions and procedures for use with respect to school corporation capital projects funds established under IC 21-2-15. (*Department of Local Government Finance; 50 IAC 9-1-1; filed Jul 12, 1988, 5:00 p.m.: 11 IR 4071; filed Jun 17, 1991, 4:30 p.m.: 14 IR 1942*)

50 IAC 9-1-2 General definitions

Authority: IC 21-2-15
Affected: IC 9; IC 21-2-15

Sec. 2. As used in this rule [50 IAC 9-1]:

“Repair” means the restoration of a piece of equipment, a building, or grounds to the original condition of completeness from a worn, damaged, or deteriorated condition. (*Department of Local Government Finance; 50 IAC 9-1-2; filed Jul 12, 1988, 5:00 pm: 11 IR 4071*)

50 IAC 9-1-3 “Equipment” defined

Authority: IC 21-2-15
Affected: IC 9; IC 21-2-15

Sec. 3. (a) Except as provided in subsection (b), as used in this rule [50 IAC 9-1], “equipment” means a mobile or fixed unit of furniture or furnishings, a machine, an apparatus, an article, or a set of articles that meets all of the following conditions:

- (1) It retains its original shape and appearance with use.
 - (2) It is non-expendable, which means that if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it than to replace it with an entirely new unit.
 - (3) It represents an investment of money that makes it feasible and advisable to capitalize the item.
 - (4) It does not lose its identity through incorporation into a different or more complex unit or substance.
- (b) As used in this rule [50 IAC 9-1], “equipment” does not include:
- (1) a vehicle subject to licensing under IC 9; or
 - (2) a musical instrument that typically is transportable by a student between home and school.

(*Department of Local Government Finance; 50 IAC 9-1-3; filed Jul 12, 1988, 5:00 pm: 11 IR 4071*)

50 IAC 9-1-4 Resolution and plan

Authority: IC 21-2-15
Affected: IC 5-3-1-2; IC 21-2-15-5; IC 21-5-11; IC 21-5-12

Sec. 4. (a) On or before the last Thursday in August of the preceding year in which a school corporation establishes a capital projects fund, or continues to levy taxes for an established fund, the governing body must hold a hearing and pass a resolution to adopt a plan. The governing body must publish a notice in accordance with IC 21-2-15-5 that indicates for each year of the plan the total amount of proposed expenditures in each of the following categories:

- (1) Land acquisition and development of sites for school purposes.
- (2) Fees for professional services paid to:
 - (A) architects;
 - (B) engineers;
 - (C) attorneys;
 - (D) project managers;
 - (E) construction managers; and
 - (F) fiscal consultants;

for land acquisition, site development, and building improvements.

- (3) Education specifications development including feasibility studies and educational specifications for building design for use by architects and others.
- (4) Building acquisition, construction, and improvement including:
 - (A) purchase and construction of buildings;
 - (B) improvements or alterations to existing buildings;
 - (C) installation or extension of service systems for new or existing buildings;
 - (D) building sites for use by the school corporation; and
 - (E) the purchase of building materials for vocational building and trade classes.
- (5) Rental or lease payments for new or existing real property, computers, or equipment, excluding payments to a holding company as authorized under IC 21-5-11 and IC 21-5-12.
- (6) Purchase of mobile or fixed equipment including computer hardware and computer software.
- (7) Emergency allocation for repair, replacement, or site acquisition that is necessitated by an emergency.
- (8) Care, upkeep, or maintenance of equipment owned or used by the school corporation, including salaries of full-time or part-time computer repair personnel.
- (9) Allocation for future projects including accumulation of funds for projects that the school corporation has articulated with reasonable specificity within the plan, including size, purpose, features, estimated cost in constant dollars, and site or possible sites.
 - (b) The notice must also indicate with respect to the upcoming budget year:
 - (1) the sources of revenue for the proposed expenditures; and
 - (2) the amount of revenue (from property taxes or otherwise) to be retained in the fund for expenditures proposed for a later year.

(Department of Local Government Finance; 50 IAC 9-1-4; filed Jul 12, 1988, 5:00 p.m.: 11 IR 4072; filed Jun 17, 1991, 4:30 p.m.: 14 IR 1942)

50 IAC 9-1-5 Notice of adoption of plan; objections; final order by state board of tax commissioners

Authority: IC 21-2-15

Affected: IC 5-3-1-2; IC 21-2-15-6

Sec. 5. (a) After the public hearing and the adoption of the resolution, the governing body must publish notice of the adoption of the plan in accordance with IC 21-2-15-6 and the state board of accounts "Guide to Publication of Legal Notices".

(b) The notice under subsection (a) must be published no later than twenty (20) days after the county auditor posts and publishes the following year's tax rate and budget, as set by the county.

(c) Ten (10) or more taxpayers who will be affected by the plan may file a petition with written objections to the plan with the county auditor in a county in which the school corporation is located. Objections must be filed within ten (10) days after the plan is published. The county auditor shall immediately certify the petition to the state board of tax commissioners.

(d) The state board of tax commissioners shall set a hearing on the petition within a reasonable time after the petition is certified to the state board of tax commissioners.

(e) The state board of tax commissioners shall notify the governing body and the first ten (10) taxpayers whose names appear in the petition of the date, time, and location of the hearing. The state board of tax commissioners shall hold the hearing in a county where the school corporation is located and shall give the school corporation and petitioners at least five (5) days notice.

(f) After a hearing on the petition, the state board of tax commissioners shall issue a final order approving, disapproving, or modifying the plan. The state board of tax commissioners may seek the recommendation of the school property tax control board. The state board of tax commissioners shall certify its order to the governing body and the county auditor. *(Department of Local Government Finance; 50 IAC 9-1-5; filed Jul 12, 1988, 5:00 p.m.: 11 IR 4072; filed Jun 17, 1991, 4:30 p.m.: 14 IR 1943)*

50 IAC 9-1-6 Plan format

Authority: IC 21-2-15

Affected: IC 21-2-15

Sec. 6. (a) The format for the capital projects fund plan is as follows:

- (1) General description of school corporation as follows:
 - (A) Total land area.
 - (B) Location.
 - (C) Composition of governing body.
 - (D) Number of employees.
 - (E) Current annual operating budgets in general transportation, debt service, and capital projects funds.
 - (F) Current annual property tax levies for all funds.
- (2) Listing of present facilities operated and maintained by the school corporation as follows:
 - (A) With respect to each facility, the following:
 - (i) Name and location.
 - (ii) Grades housed or other use.
 - (iii) Year constructed.
 - (iv) Estimated current value.
 - (v) Detailed evaluation of condition.
 - (B) Identification and description of all land owned for future needs.
- (3) Student enrollment, as follows:
 - (A) Five (5) year history of student enrollments by facility, including the current school year.
 - (B) Projected total student enrollment of the school corporation for each of the ensuing five (5) years.
- (4) Anticipated capital projects fund resources that will be available for the term of the proposed plan for each year of the plan, as follows:
 - (A) Sources and amounts of anticipated income.
 - (B) Amount of revenue (from property taxes or otherwise) to be retained for expenditures proposed for a later year.
 - (C) Projected assessed valuation of the school corporation for each year of the plan.
 - (D) Property tax rates and levies for the capital projects fund based on the assessed valuations under clause (C).
- (5) Proposed use of the capital projects fund, as follows:
 - (A) Includes, by plan year and location, the proposed expenditures from the fund for all specific uses within the following topic areas:
 - (i) Land acquisition and development.
 - (ii) Professional services.
 - (iii) Education specifications development.
 - (iv) Building acquisition, construction, and improvement.
 - (v) Rental of buildings and equipment.
 - (vi) Purchase of mobile or fixed equipment.
 - (vii) Emergency allocation (repair, replacement, or site acquisition that is necessitated by an emergency).
 - (viii) Maintenance of equipment.
 - (B) Includes, by plan year and by project or specific purpose, allocation for proposed expenditures beyond the upcoming budget year.

(b) All school corporations shall use the capital projects fund plan format separately prescribed and distributed by the state board of tax commissioners. (*Department of Local Government Finance; 50 IAC 9-1-6; filed Jul 12, 1988, 5:00 p.m.: 11 IR 4072; filed Jun 17, 1991, 4:30 p.m.: 14 IR 1943*)

50 IAC 9-1-7 Contingent appropriation approvals

Authority: IC 21-2-15
Affected: IC 21-2-15

Sec. 7. If the department of education does not issue its approval of a project included in its capital projects fund before the annual hearing on the school corporation's budget by the state board of tax commissioners, the board will approve a levy that will result in sufficient funding of the budget appropriation for the project, and will approve that budget appropriation subject to the issuance of a project approval by the department of education. If the department of education does not issue its approval of the project before the board's next annual budget hearing, the board will apply the revenue to the current capital projects fund budget.

(Department of Local Government Finance; 50 IAC 9-1-7; filed Jul 12, 1988, 5:00 pm: 11 IR 4073)

50 IAC 9-1-8 Appropriation in earlier year than planned

Authority: IC 21-2-15

Affected: IC 6-1.1-18-5; IC 21-2-15

Sec. 8. The state board of tax commissioners may approve appropriations from the capital projects fund only if they conform to a plan that has been adopted in accordance with IC 21-2-15. If a school corporation seeks approval of an additional appropriation from the capital projects fund for an expenditure in a year that precedes the year in which the expenditure is indicated in the plan, the state board of tax commissioners may find that the appropriation conforms to the plan if:

(1) the plan is specific as to the need to be addressed by the proposed expenditure and as to the manner in which it will be addressed; and

(2) the school corporation additional appropriation notice under IC 6-1.1-18-5 includes the fund name, the department of education project number (if issued), and a description of the purpose of the proposed expenditure.

(Department of Local Government Finance; 50 IAC 9-1-8; filed Jul 12, 1988, 5:00 pm: 11 IR 4073)

50 IAC 9-1-9 Fund use prohibited for interscholastic or extracurricular activities

Authority: IC 21-2-15

Affected: IC 21-2-15

Sec. 9. (a) The capital projects fund may not be used with respect to a facility or equipment that will be used primarily for interscholastic or extracurricular activities. Generally, outdoor spectator seating and lighting for night use of an outdoor facility are considered to be primarily for interscholastic or extracurricular use.

(b) If payment from the capital projects fund is allowable for the construction of a facility or the purchase of equipment (or would have been allowable if there had been a capital projects fund at the time of the construction or purchase), then payment from the fund is allowable for repair, replacement, or remodeling of the facility or for repair or replacement of the equipment.

(Department of Local Government Finance; 50 IAC 9-1-9; filed Jul 12, 1988, 5:00 pm: 11 IR 4073)

50 IAC 9-1-10 Fund use prohibited for maintenance agreements (Repealed)

Sec. 10. *(Repealed by Department of Local Government Finance; filed Jun 17, 1991, 4:30 p.m.: 14 IR 1945)*

50 IAC 9-1-11 Emergency procedures

Authority: IC 21-2-15

Affected: IC 21-2-15-10

Sec. 11. A representative of the school corporation must apply to the state board of tax commissioners under IC 21-2-15-10 for a determination that an emergency has occurred. Except in the case of extenuating circumstances, that application must be made to the board within five working days after the governing body learns that an emergency has occurred. The application may be made in writing, by telephone, or in person. The board will determine whether an emergency has occurred and whether the governing body may continue to pursue the emergency procedures described in IC 21-2-15-10. The board will give the governing body notice of its decision in writing no more than five working days after receipt of the application. *(Department of Local Government Finance; 50 IAC 9-1-11; filed Jul 12, 1988, 5:00 pm: 11 IR 4074)*

50 IAC 9-1-12 Amendment procedure

Authority: IC 21-2-15

Affected: IC 21-2-15-10

Sec. 12. (a) A school corporation may amend its plan to provide initial or supplemental money for land acquisition and development, professional services, education specifications development, building acquisition, construction, and improvement,

or an emergency allocation without a determination of an emergency by the state board of tax commissioners.

(b) To amend a plan when there is no emergency, the governing body of the school corporation must hold a public hearing and declare the nature of and need for the amendment. The plan amendment and notice of the hearing must be published in accordance with IC 21-2-15-10 and the state board of accounts "Guide to Publication of Legal Notices".

(c) The governing body must pass a resolution adopting the plan amendment at a public hearing.

(d) The plan amendment must comply with the requirements of a plan as prescribed under section 5 of this rule. The proposed amendment of the plan must be submitted to the state board of tax commissioners for its approval, disapproval, or modification.

(e) The plan amendment may be adopted at any time of the year. It does not need to meet the deadline prescribed under section 4 of this rule.

(f) The governing body shall publish notice of the adoption of the plan amendment no later than twenty (20) days after the county auditor posts and publishes the following year's tax rate and budget as approved by the county. Under the procedures prescribed under section 5 of this rule, taxpayers may object to the plan amendment requiring the state board of tax commissioners to hold a hearing and issue a final order on the plan amendment. (*Department of Local Government Finance; 50 IAC 9-1-12; filed Jun 17, 1991, 4:30 p.m.: 14 IR 1944*)

50 IAC 9-1-13 Transfer procedure

Authority: IC 6-1.1-18-6

Affected: IC 21-2-15

Sec. 13. (a) A school corporation may expend money under a different classification than is designated under its approved plan as long as:

(1) the expenditure is for the same location; and

(2) funds are available in another classification.

(b) The governing body must at a regular public meeting adopt a resolution determining the transfer in classifications is necessary.

(c) A transfer under this section does not require the approval of the state board of tax commissioners.

(d) The school corporation must notify in writing the county auditor and the state board of tax commissioners of the transfer. (*Department of Local Government Finance; 50 IAC 9-1-13; filed Jun 17, 1991, 4:30 p.m.: 14 IR 1944*)

Rule 2. Library Capital Projects Fund

50 IAC 9-2-1 General definitions

Authority: IC 20-14-13-14

Affected: IC 20-14-13

Sec. 1. (a) As used in this rule, "appropriate fiscal body" refers to:

(1) the town board of trustees if the library district is located entirely within the corporate boundaries of a town;

(2) the common council if the library district is located entirely within the corporate boundaries of a city;

(3) the township board if the library district is not located entirely within the corporate boundaries of a city or town but is located within the corporate boundaries of a township;

(4) the county council of each county in which the library is located if the library district is not located entirely within the corporate boundaries of a city, town, or township; or

(5) the city-county council if the library district is not located entirely within the corporate boundaries of a city, town, or township and is located in a county with a consolidated city.

(b) As used in this rule, "board" refers to the fiscal and administrative body of a public library.

(c) As used in this rule, "district" means the territory within the corporate boundaries of a public library.

(d) As used in this rule, "emergency" means the following:

(1) A fire, flood, windstorm, mechanical failure of any part of a structure, or other unforeseeable circumstance when referring to repair or replacement.

(2) The unforeseeable availability of real property for purchase when referring to site acquisition.

(e) As used in this rule, "equipment" means a mobile or fixed unit of furniture or furnishings, a machine, an apparatus, an article, or a set of articles that meets all of the following conditions:

- (1) It retains its original shape and appearance with use.
- (2) It is nonexpendable, which means that if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it than to replace it with an entirely new unit.
- (3) It represents an investment of money that makes it feasible and advisable to capitalize the item.
- (4) It does not lose its identity through incorporation into a different or more complex unit or substance.

Equipment includes computer hardware and software. (*Department of Local Government Finance; 50 IAC 9-2-1; filed Sep 21, 1990, 3:30 p.m.: 14 IR 254*)

50 IAC 9-2-2 Purpose of fund; levy

Authority: IC 20-14-13-14

Affected: IC 6-1.1-18.5-3; IC 20-14-13-4

Sec. 2. (a) A district may establish a capital projects fund.

(b) With respect to a facility used or to be used by a library, the board may expend money in the fund for the following:

- (1) Planned construction, repair, replacement, or remodeling.
- (2) Site acquisition.
- (3) Site development.
- (4) Repair, replacement, or site acquisition necessitated by an emergency.

(c) Money in the fund may be used to pay for the purchase, lease, or repair of equipment used or to be used by the library.

Money in the fund may also be used for the maintenance or upgrading of computer hardware or software.

(d) A board may levy ad valorem property taxes at a rate not to exceed five cents (\$.05) per one hundred dollars (\$100) of assessed valuation.

(e) The maximum permissible levy limitations of IC 6-1.1-18.5-3 do not apply to that portion of ad valorem property taxes levied for a library capital projects fund at a rate not to exceed four cents (\$.04) per hundred dollars (\$100) of assessed valuation. (*Department of Local Government Finance; 50 IAC 9-2-2; filed Sep 21, 1990, 3:30 p.m.: 14 IR 254*)

50 IAC 9-2-3 Public hearing; notice

Authority: IC 20-14-13-14

Affected: IC 5-3-1-2; IC 20-14-13-5

Sec. 3. (a) After January 1 and before May 15 of the year preceding the year in which taxes are levied, the board must hold a public hearing on a proposed plan, pass a resolution to adopt a plan, and submit the plan to the appropriate fiscal body for approval or rejection.

(b) The board must publish a summary of the plan and notice of the public hearing one (1) time at least ten (10) days before the date of the hearing in accordance with IC 5-3-1-2(b) and the state board of accounts "Guide to Publication of Legal Notices". (*Department of Local Government Finance; 50 IAC 9-2-3; filed Sep 21, 1990, 3:30 p.m.: 14 IR 254*)

50 IAC 9-2-4 Plan content and format

Authority: IC 20-14-13-5; IC 20-14-13-14

Affected: IC 20-14-13-5

Sec. 4. (a) The board shall prepare a plan that applies to at least the three (3) years immediately following the year in which the plan is adopted.

(b) The plan shall include the following information:

- (1) General description of library district as follows:
 - (A) Library taxing district.
 - (B) Name and location.
 - (C) Composition of governing body.

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- (D) Number of employees.
- (E) Current annual budget in operating, library improvement reserve (LIRF), and bond and interest redemption (BIRF) funds.
- (F) Current annual property tax levies for all funds.
- (2) Listing of present facilities operated and maintained by the library district as follows:
 - (A) The following with respect to each facility:
 - (i) Name and location.
 - (ii) Year constructed, leased, or rented.
 - (iii) Estimated current value.
 - (iv) Detailed evaluation of condition.
 - (B) Identification and description of all land owned for future needs.
- (3) Description of library service area as follows:
 - (A) Area in square miles.
 - (B) Population served.
 - (C) Annual statistics of service, i.e., circulation of materials, collection size, hours of service, etc.
- (4) Anticipated capital projects fund resources that will be available for each year of the plan as follows:
 - (A) Sources and amounts of anticipated income.
 - (B) Amount of revenue (from property taxes or otherwise) to be retained for expenditures proposed for a later year.
 - (C) Projected assessed valuation of the library district for each year of the plan.
 - (D) Property tax rates and levies for the library capital projects fund based on the assessed valuations under clause (C).
- (5) Proposed expenditures, by year and location, in the following topic areas as follows:
 - (A) The following planned facility needs:
 - (i) New construction.
 - (ii) Repair.
 - (iii) Replacement.
 - (iv) Remodel.
 - (v) Lease or rental of existing real estate.
 - (B) Acquisition of real property.
 - (C) Site development.
 - (D) Emergency allocation (repair, replacement, or site acquisition that is necessitated by an emergency).
 - (E) The following equipment-purchase, lease, repair, and maintenance:
 - (i) Administration.
 - (ii) Public use.
 - (iii) Mechanical.
 - (iv) Furniture.
 - (F) The following computer hardware and software:
 - (i) Purchase or lease.
 - (ii) Maintenance and repair.
 - (G) Allocations for future projects.

(c) The plan summary shall include the following:

CURRENT EXPENDITURES:	19__	19__	19__
(1) Planned construction, repair, replacement, or remodeling.	_____	_____	_____
(2) Acquisition of real property.	_____	_____	_____
(3) Site development.	_____	_____	_____
(4) Emergency allocation.	_____	_____	_____
(5) Purchase, lease, repair, and maintenance of equipment.	_____	_____	_____

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(6) Purchase, lease, repair, and maintenance of computer hardware and computer software.			
SUBTOTAL CURRENT EXPENDITURES			
(7) Allocation for future projects.			
TOTAL EXPENDITURES AND ALLOCATIONS (cumulative totals)			
SOURCES AND ESTIMATES OF REVENUE			
January 1, 19__ cash balance.			
Less encumbered appropriations.		xxx	xxx
Cash balance available for current plan.			
Property taxes.			
Auto excise and bank tax receipts.			
Other revenue.			
TOTAL FUNDS AVAILABLE FOR PLAN			

(Department of Local Government Finance; 50 IAC 9-2-4; filed Sep 21, 1990, 3:30 p.m.: 14 IR 255)

50 IAC 9-2-5 Submission to appropriate fiscal body

Authority: IC 20-14-13-14
 Affected: IC 5-3-1-2; IC 20-14-13-6

- Sec. 5. (a) Within ten (10) days of adopting a resolution for a capital projects fund plan, the board shall transmit a certified copy of the plan to the appropriate fiscal body.
- (b) The appropriate fiscal body shall hold a public hearing on the plan within thirty (30) days of receiving it. The appropriate fiscal body may either approve or reject the plan by August 1 of the year in which it is received.
- (c) If the appropriate fiscal body rejects the plan, it may return the plan to the board with its reasons for rejection.
- (d) If the appropriate fiscal body approves the plan, the board shall submit the resolution, plan, and proof of publication to the state board of tax commissioners.
- (e) The state board shall require notice of the submission to be given to the taxpayers if the plan:
- (1) was published in accordance with section 3 of this rule;
 - (2) was adopted by the library board and approved by the appropriate fiscal body or bodies; and
 - (3) conforms to the format and includes the information prescribed in section 4 of this rule.
- (f) If approved by the state board of tax commissioners under subsection (e), the library board shall give notice to the taxpayers of the district. The board shall give at least one (1) notice in accordance with IC 5-3-1-2(b) and the state board of accounts "Guide to Publication of Legal Notices". *(Department of Local Government Finance; 50 IAC 9-2-5; filed Sep 21, 1990, 3:30 p.m.: 14 IR 256)*

50 IAC 9-2-6 Objections

Authority: IC 20-14-13-14
 Affected: IC 20-14-13-7

- Sec. 6. (a) Ten (10) or more taxpayers who will be affected by the plan may file a petition with written objections to the plan with the county auditor in a county in which the library is located. Objections must be filed within ten (10) days after the plan is published. The county auditor shall immediately certify the objecting petition to the state board of tax commissioners.
- (b) The state board shall set a hearing on the petition within a reasonable time after the petition is filed with the state board.
- (c) The state board shall notify the library board and the first ten (10) taxpayers whose names appear in the petition of the date, time, and location of the hearing. The state board shall hold the hearing in a county where the library is located and shall give the library and petitioners at least five (5) days notice.
- (d) After a hearing on the petition, the state board shall issue a final order approving, disapproving, or modifying the plan.

The state board shall certify its order to the board and the county auditor. (*Department of Local Government Finance; 50 IAC 9-2-6; filed Sep 21, 1990, 3:30 p.m.: 14 IR 256*)

50 IAC 9-2-7 Appropriations

Authority: IC 20-14-13-14

Affected: IC 6-1.1-18-5; IC 20-14-13-10

Sec. 7. The state board of tax commissioners may approve appropriations from the capital projects fund only if they conform to a plan that has been adopted in accordance with this rule. If a library board seeks approval of an additional appropriation from the capital projects fund for an expenditure in a year that precedes the year in which the expenditure is indicated in the plan, the state board may find that the appropriation conforms to the plan if:

(1) the plan is specific as to the need to be addressed by the proposed expenditure and as to the manner in which it will be addressed; and

(2) the library board additional appropriation notice under IC 6-1.1-18-5 includes the fund name and a description of the purpose of the proposed expenditure.

(*Department of Local Government Finance; 50 IAC 9-2-7; filed Sep 21, 1990, 3:30 p.m.: 14 IR 256*)

50 IAC 9-2-8 Emergency procedures

Authority: IC 20-14-13-14

Affected: IC 20-14-13-11

Sec. 8. (a) If the cost of an emergency exceeds the allocation for emergencies, a library must apply to the state board of tax commissioners for a determination that an emergency has occurred. Except in the case of extenuating circumstances, the application must be made to the state board within five (5) working days after the library board learns that an emergency has occurred. The application may be made in writing, by telephone, or in person. The state board will determine whether an emergency has occurred. The state board will give the library notice of its decision in writing no more than five (5) working days after receipt of the application.

(b) If the state board determines that an emergency exists, the library may adopt a resolution to amend its plan. The amendment is not subject to the deadline and adoption procedures prescribed in sections 3 through 4 of this rule. However, the state board may modify the amendment.

(c) An emergency amendment may require the payment of eligible emergency costs from:

(1) money accumulated in the fund for other purposes; or

(2) money borrowed from other funds of the board or from a financial institution.

(d) With the approval of the appropriate fiscal body, a board may provide for an increase in the tax rate to restore money to the fund or to pay principal and interest on a loan. The rate may not exceed the maximum rate as provided for under section 2 of this rule. (*Department of Local Government Finance; 50 IAC 9-2-8; filed Sep 21, 1990, 3:30 p.m.: 14 IR 256*)

50 IAC 9-2-9 Interest

Authority: IC 20-14-13-14

Affected: IC 20-14-13-11

Sec. 9. Interest on the capital projects fund, including the fund's pro rata share of interest earned on the investment of total money on deposit, shall be deposited in the fund. The library board may allocate the interest among the accounts within the fund. (*Department of Local Government Finance; 50 IAC 9-2-9; filed Sep 21, 1990, 3:30 p.m.: 14 IR 257*)

ARTICLE 10. ECONOMIC REVITALIZATION AREA DEDUCTION; MARITIME OPPORTUNITY DISTRICT DEDUCTION

Rule 1. Definitions

50 IAC 10-1-1 Applicability

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1-1

Sec. 1. (a) The definitions in this rule apply throughout this article.

(b) Unless otherwise indicated, the definitions contained in 50 IAC 4.2 also apply to this article. However, if a definition in 50 IAC 4.2 conflicts with a definition contained in this article, the definition under this article controls.

(c) The definitions contained in IC 6-1.1-12.1-1 apply throughout this article. (*Department of Local Government Finance; 50 IAC 10-1-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294*)

50 IAC 10-1-2 “Installed” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 2. (a) “Installed” means that personal property:

(1) has been completely assembled;

(2) is completely functional for the purpose for which it was acquired; and

(3) is placed in service.

(b) When different pieces of personal property are linked together as part of an integrated production process, personal property will not be considered installed until the integrated production process is completely functional and is placed in service.

(c) Personal property that is subjected to a preliminary test period or testing process shall not be considered installed until the conclusion of the test period or testing process. However, a test period or testing process may not be longer than is reasonably necessary to complete the needed testing, and therefore personal property that has been placed in service and is in operation for a substantial period of time shall not be considered to be within a test period or testing process.

(d) For purposes of substantiating the date of completion of the installation of property, the owner may use production records or other records that reflect when the property was completely assembled, completely functional for the purpose for which it was acquired, fully operational, and placed in service. (*Department of Local Government Finance; 50 IAC 10-1-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372*)

50 IAC 10-1-3 “New manufacturing equipment” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1-1

Sec. 3. (a) “New manufacturing equipment” has the meaning set forth in IC 6-1.1-12.1-1(3). In order to be new manufacturing equipment, personal property must be qualifying machinery and equipment as defined in section 6 of this rule.

(b) New manufacturing equipment includes new equipment and used equipment brought into Indiana from outside of Indiana.

(c) Special tooling, as defined in 50 IAC 4.2-6-2, qualifies as new manufacturing equipment if it satisfies the requirements of qualifying machinery and equipment under section 6 of this rule.

(d) The capitalized amount of expenditures for the major rebuilding or reworking of existing production equipment qualify as new manufacturing equipment, if those expenditures are capitalized for federal income tax purposes and substantially increase the productivity or capacity of existing manufacturing equipment, substantially prolong the useful life of the existing manufacturing equipment, or adapt the manufacturing equipment to a substantially different use. The expenditures first become eligible as new manufacturing equipment when those expenditures are capitalized. (*Department of Local Government Finance; 50 IAC 10-1-3; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1294; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1303*)

50 IAC 10-1-4 “Other tangible personal property” or “tangible personal property” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-12.1

Sec. 4. (a) “Other tangible personal property” or “tangible personal property” means goods or items of personal property that

are the end product of the production process. A processed end product must be substantially different from the component materials used.

(b) Tangible personal property includes energy, if that energy results from the conversion of a solid waste or a hazardous waste. (*Department of Local Government Finance; 50 IAC 10-1-4; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1295*)

50 IAC 10-1-5 “Personal property” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-1-11; IC 6-1.1-12.1

Sec. 5. “Personal property” has the meaning set forth in IC 6-1.1-1-11, except that the term does not include inventory as defined in 50 IAC 4.2-5-1. (*Department of Local Government Finance; 50 IAC 10-1-5; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1295*)

50 IAC 10-1-6 “Qualifying machinery and equipment” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 6. (a) “Qualifying machinery and equipment” means tangible property used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

(1) As used in this subsection, “production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing” is a comprehensive description of the various means of production and circumscribes all of the operations or processes by which a finished product is derived.

(2) As used in this subsection, “direct”, within the phrase “used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property”, means an essential or integral part of the operation or process that leads to the creation of other tangible personal property.

(3) The conversion of a solid waste or a hazardous waste into energy or other useful products constitutes use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property.

(b) Personal property will be qualifying machinery and equipment when it is used within the process that chronologically begins with the material handling equipment that carries or moves the raw material from its on-site storage location to the first machine or production step and ends with the material handling equipment that carries or moves the finished product from its final machine or production step to the in-plant finished good storage site.

(c) Examples of personal property that may be considered qualifying machinery and equipment include, but are not limited to, the following:

(1) Computer equipment, if used directly to control equipment directly used in the manufacturing process.

(2) Laboratory equipment, if used directly to test the tangible personal property being produced.

(3) Testing and inspection equipment, including quality control equipment, used to ensure the specifications or quality of the tangible personal property being produced. However, the equipment must be used:

(A) as part of the production process; and

(B) to test or inspect the tangible personal property being produced.

(4) Shelves, racks, or other temporary storage facilities or containers used to transport or convey work-in-progress from one (1) step in the production process to another step in the production process, or for the temporary storage of work-in-progress between one (1) step in the production process to another step in the production process.

(d) Examples of personal property that will not be considered qualifying machinery and equipment include, but are not limited to, the following:

(1) Computer equipment, if used for such functions as administration, payroll, bookkeeping, drafting, production scheduling, or inventory control.

(2) Furniture and fixtures, such as office furniture, telephones and telephone equipment, break room fixtures, and employee lockers.

(3) Maintenance equipment used to repair production equipment.

(4) Licensed transportation vehicles.

(5) Warehouse racks, shelving, or other equipment used to store either raw materials or finished goods.

(6) Equipment used in research and development, including computer equipment used in research and development.

(e) If computer equipment, or other personal property, is both used in direct production and is also used for purposes other than direct production, an allocation shall be made between its use in direct production and its use for purposes other than direct production. (*Department of Local Government Finance; 50 IAC 10-1-6; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1295; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1303*)

50 IAC 10-1-6.5 “Qualifying research and development equipment” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1-1; IC 6-1.1-35-9

Sec. 6.5. “Qualifying research and development equipment” means new research and development equipment as defined under IC 6-1.1-12.1-1(12), and properly documented as required by this section. Each item, or group of like items, must be individually identified and itemized as one (1) of the following:

(1) Laboratory equipment.

(2) Research and development.

(3) Computer and computer software.

(4) Telecommunications equipment.

(5) Testing equipment.

Each item or group of like items must be identified as being devoted to a specified research and development activity. As used in this subsection, “research and development activity” means an activity that can be demonstrated, under commonly recognized industry practices, as being related to the research and development, testing, or improvement of a new or existing product. The documentation required by this subsection may be supported by academic industry literature, internal company documents, or data (including confidential information submitted under IC 6-1.1-35-9), or any Indiana or United States statute, rule, or regulation that relates to research and development or the taxation of research and development equipment or activities. (*Department of Local Government Finance; 50 IAC 10-1-6.5; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1304*)

50 IAC 10-1-7 “Retail facility” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 7. “Retail facility” means a facility at which goods or items are sold to the ultimate consumer for the consumers' use or consumption, and not to a person for resale. (*Department of Local Government Finance; 50 IAC 10-1-7; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296*)

50 IAC 10-1-8 “State board” defined

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-30-1

Sec. 8. “State board” means the state board of tax commissioners. (*Department of Local Government Finance; 50 IAC 10-1-8; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296*)

50 IAC 10-1-9 “Statement of benefits” defined

Authority: IC 6-1.1-31-1

Affected: IC 5-14-3-3; IC 6-1.1-12.1-4; IC 6-1.1-12.1-4.5

Sec. 9. (a) “Statement of benefits” means the document or form on which the property owner submits information to the designating body. The statement of benefits form is prescribed by the state board. The state board has prescribed Form SB-1, Statement of Benefits (State Form 27167), as the statement of benefits form.

(b) The statement of benefits may be incorporated into the designation application with approval of the state board pursuant

to 50 IAC 4.2-1-6.

(c) The statement of benefits must contain information concerning the proposed redevelopment or rehabilitation of real property or the installation of new manufacturing equipment, including the following information:

- (1) A description of the proposed project related to the redevelopment or rehabilitation of real property or the installation of new manufacturing equipment.
- (2) An estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the project.
- (3) An estimate of the salaries of the individuals who will be employed or whose employment will be retained by the person as a result of the project.
- (4) An estimate of the cost and assessed value of the project.
- (5) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.
- (6) If required by the designating body, information concerning other benefits to be provided by the property owner as a result of the project.

(d) The abatement schedules set out in IC 6-1.1-12.1-4 and IC 6-1.1-12.1-4.5, effective prior to July 1, 2000, shall be applied to statement of benefits approved prior to July 1, 2000. The abatement schedules set out in IC 6-1.1-12.1-4 and IC 6-1.1-12.1-4.5, effective after June 30, 2000, shall be applied to statement of benefits approved after June 30, 2000. The abatement schedules set out in IC 6-1.1-12.1-4 and IC 6-1.1-12.1-4.5, effective after June 30, 2000, shall be applied to all research and development equipment. (*Department of Local Government Finance; 50 IAC 10-1-9; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1304*)

Rule 2. Designation Procedures

50 IAC 10-2-1 Purpose

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 1. The purpose of this rule is to provide a general description of the procedures associated with the designation of an economic revitalization area. Designating bodies may tailor their practices or procedures to fit their specific circumstances so long as the statutory procedures are observed. (*Department of Local Government Finance; 50 IAC 10-2-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296*)

50 IAC 10-2-2 Preliminary designation

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 2. (a) The designating body may designate a particular area to be an economic revitalization area on its own motion or upon application by a property owner.

(b) If the designating body designates a particular area to be an economic revitalization area on its own motion, no statement of benefits is required. For example, the designating body may declare an industrial park or former industrial site to be an economic revitalization area in order to spur economic development at that location. This subsection shall not be interpreted to exempt an applicant from filing a statement of benefits before the initiation of the redevelopment or rehabilitation of real property or the installation of new manufacturing equipment or research and development equipment for which the applicant desires to claim the deduction.

(c) Where a property owner has applied for designation of an area, the property owner must provide a statement of benefits. The information contained in the statement of benefits will be evaluated by the designating body in making its decision whether to designate the area an economic revitalization area.

(d) The designating body shall determine whether an area should be designated an economic revitalization area and whether a deduction should be allowed. In doing so, the designating body shall make findings addressing the issues specified in IC 6-1.1-

12.1-3 as to property defined in IC 6-1.1-12.1-1(4) or IC 6-1.1-12.1-4.5(a) as to new manufacturing equipment and/or research and development equipment. A designating body may not designate an area an economic revitalization area or approve a deduction unless the findings required by statute are made in the affirmative.

(e) If the designating body finds the area should be an economic revitalization area, it shall either:

(1) prepare maps and plats that identify the area; or

(2) prepare a simplified description of the boundaries of the area by describing its location in relation to public ways, streams, or otherwise.

(f) If the designating body makes the findings required in subsection (d) and prepares the information required in subsection (e), the designating body shall pass a preliminary resolution declaring the area to be an economic revitalization area. The resolution must contain a description of the affected area and be filed with the county assessor. (*Department of Local Government Finance; 50 IAC 10-2-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1296; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1304*)

50 IAC 10-2-3 Limitations permitted upon designation

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1-4.5

Sec. 3. (a) In declaring an area to be an economic revitalization area, the designating body may place certain limitations or conditions on the economic revitalization area, such as a limitation on the length of time that the area shall be designated as an economic revitalization area or a limitation on the dollar amount of the allowable deduction. The designating body must specify the limitation or condition in the preliminary resolution.

(b) However, the designating body may not reduce the number of years over which a taxpayer is statutorily entitled to receive the economic revitalization area deduction. So, even if the designating body adopts a resolution limiting the designation of the economic revitalization area to one (1) calendar year, the new manufacturing equipment and/or research and development equipment installed during that calendar year will still be eligible for either the five (5) year deduction schedule or the ten (10) year deduction schedule provided in the deduction schedule applicable under 50 IAC 10-1-9(d). (*Department of Local Government Finance; 50 IAC 10-2-3; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1305*)

50 IAC 10-2-4 Final action; confirming resolution

Authority: IC 6-1.1-31-1

Affected: IC 5-3-1; IC 6-1.1-12.1-2.5

Sec. 4. (a) After approval of a preliminary resolution, the designating body shall publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1. The notice must state that a description of the affected area is available and may be inspected in the county assessor's office. The notice must also specify the date on which the designating body will receive and hear all objections to the preliminary resolution.

(b) After considering the evidence, the designating body shall take final action by:

(1) determining whether the qualifications for an economic revitalization area have been met; and

(2) confirming, modifying and confirming, or rescinding the preliminary resolution.

This determination is final and may be appealed in the manner provided in IC 6-1.1-12.1-2.5. (*Department of Local Government Finance; 50 IAC 10-2-4; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372*)

50 IAC 10-2-5 Waiver of statement of benefits

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 5. (a) In lieu of providing the statement of benefits and in lieu of providing information showing compliance with the statement of benefits, the designating body may adopt a resolution waiving the statement of benefits. To waive the statement of benefits, the designating body must find that the purposes of the economic revitalization area deduction will be served by allowing the deduction and that the property owner has, during the thirty-six (36) months preceding the first assessment date to which the waiver would apply, installed new manufacturing equipment and/or research and development equipment or developed or

rehabilitated property at a cost of at least ten million dollars (\$10,000,000) as determined by the state board.

(b) The property owner or the designating body may request a determination from the state board as to whether the property owner has installed new manufacturing equipment and/or research and development equipment or developed or rehabilitated property at a cost of at least ten million dollars (\$10,000,000) during the thirty-six (36) months preceding the first assessment date to which the waiver would apply. Such request shall be made under 50 IAC 4.2-1-6. (*Department of Local Government Finance; 50 IAC 10-2-5; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1305*)

50 IAC 10-2-6 Deductions in existing economic revitalization area

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 6. (a) When an economic revitalization area has previously been designated and such designation has not expired, a taxpayer must submit a statement of benefits to the local designating body prior to the initiation of the redevelopment or rehabilitation or the installation of new manufacturing equipment and/or research and development equipment for which the person desires to claim a deduction.

(b) The designating body shall review the statement of benefits submitted under subsection (a) and shall determine under IC 6-1.1-12.1-3(b) as to property defined in IC 6-1.1-12.1-1(4) or IC 6-1.1-12.1-4.5(c) as to new manufacturing equipment and/or research and development equipment whether the totality of the benefits justify the deduction. A designating body may not approve of the deduction unless it finds that the totality of the benefits justify [*sic., justifies*] the deduction. (*Department of Local Government Finance; 50 IAC 10-2-6; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1297; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1306*)

Rule 3. Filing Procedures

50 IAC 10-3-1 Filing procedures for the deduction for real property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 1. (a) A property owner who desires to obtain the economic revitalization area deduction for the rehabilitation or redevelopment of real property must file a certified deduction application, on forms prescribed by the state board, with the auditor of the county in which the property is located. Except as otherwise provided in subsection (c) or (e), the deduction application must be filed before May 10 of the year in which the addition to assessed valuation is made.

(b) The state board has prescribed Form 322 ERA, Application for Deduction from Assessed Valuation for Structures in Economic Revitalization Areas (State Form 18379), as the form on which the economic revitalization area deduction for the rehabilitation or redevelopment of real property shall be claimed.

(c) If notice of the addition to assessed valuation or new assessment for any year is not given to the property owner before April 10 of that year, Form 322 ERA (State Form 18379) may be filed not later than thirty (30) days after the date such a notice is mailed to the property owner at the address shown on the records of the township assessor.

(d) A deduction application filed under subsection (a) or (c) is applicable for the year in which the addition to assessed value or assessment of a new structure is made and in the immediate following two (2), four (4), five (5), or nine (9) years in an economic revitalization area designated prior to July 1, 2000, and the immediate following second through ninth years in an economic revitalization area designated after June 30, 2000, whichever is applicable, without any additional deduction application being filed.

(e) A property owner who desires to obtain the economic revitalization area deduction for the rehabilitation or redevelopment of real property but who has failed to file a deduction application within the dates prescribed in subsection (a) or (c) may file a deduction application between March 1 and May 10 of a subsequent year. The deduction application shall apply to the year in which it is filed and to subsequent years without the filing of any additional deduction application. (*Department of Local Government Finance; 50 IAC 10-3-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1298; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1306*)

50 IAC 10-3-2 Filing procedures for the deduction for new manufacturing equipment and/or research and development equipment

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-3-7; IC 6-1.1-12.1

Sec. 2. (a) A person who desires to obtain the economic revitalization area deduction for new manufacturing equipment and/or research and development equipment must file a certified deduction application on forms prescribed by the state board, in duplicate, with the auditor of the county in which the new manufacturing equipment and/or research and development equipment is located. A person who timely files a personal property return under IC 6-1.1-3-7(a) for the year in which the new manufacturing equipment and/or research and development equipment is installed must file the application between March 1 and May 15 of that year. A person who obtains a filing extension under IC 6-1.1-3-7(b) for the year in which the new manufacturing equipment and/or research and development equipment is installed must file the application between March 1 and June 14 of that year.

(b) The county auditor shall forward a file-marked copy of the deduction application to the state board within ten (10) days of receipt.

(c) The state board has prescribed Form 322 ERA/PPME, Application for Deduction from Assessed Valuation New Manufacturing Equipment in Economic Revitalization Area (State Form 19338), as the form on which the economic revitalization area deduction for the installation of new manufacturing equipment shall be claimed and Form 322 ERA/PPR&DE, Application for Deduction from Assessed Valuation New Research and Development Equipment in Economic Revitalization Area, as the form on which the economic revitalization area deduction for the installation of new research and development equipment shall be claimed.

(d) A deduction application for new manufacturing equipment must be filed under this section in the year in which the new manufacturing equipment is installed and in each of the immediately following four (4) or nine (9) years in an economic revitalization area designated prior to July 1, 2000. A deduction application for new manufacturing equipment and/or research and development equipment must be filed under this section in the year in which the new manufacturing equipment and/or research and development equipment is installed and in each of and the immediate following second through ninth years, whichever is applicable, in an economic revitalization area designated after June 30, 2000.

(e) The state board shall review and verify the correctness of each deduction application and shall notify the county auditor of the county in which the property is located that the deduction application is approved or denied or that the amount of the deduction is altered. Upon notification of approval of the deduction application or of alteration of the amount of the deduction, the county auditor shall make the deduction. (*Department of Local Government Finance; 50 IAC 10-3-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1298; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1306*)

50 IAC 10-3-3 Leased property

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 3. (a) The claim for deduction for new manufacturing equipment and/or research and development equipment subject to a capital lease, as defined in 50 IAC 4.2-8-2(b), shall be made by the lessee.

(b) The claim for deduction for new manufacturing equipment and/or research and development equipment subject to an operating lease, as defined in 50 IAC 4.2-8-2(c), shall be made by the lessor. (*Department of Local Government Finance; 50 IAC 10-3-3; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1298; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1307*)

50 IAC 10-3-4 Compliance with statement of benefits

Authority: IC 6-1.1-31-1

Affected: IC 5-14-3-3; IC 6-1.1-12.1

Sec. 4. (a) Beginning with statements of benefits that were approved after June 30, 1991, a taxpayer must submit information to show compliance with the statement of benefits. Failure to comply with a statement of benefits approved before July 1, 1991, may not be a basis for rejecting a deduction application.

(b) The state board has prescribed Form CF-1, Compliance with Statement of Benefits (State Form 44973), as the form on

which a taxpayer submits information to show compliance with the statement of benefits.

(c) For the deduction for real property, the Form CF-1 must be filed with the deduction application (Form 322 ERA) and must be updated within sixty (60) days after the end of each year in which the deduction is applicable.

(d) For the deduction for new manufacturing equipment and/or research and development equipment, the Form CF-1 must be filed with the deduction application (Form 322 ERA/PPME and/or Form 322 ERA/PPR&DE) between March 1 and May 15 of each year in which the deduction is applicable. If a taxpayer has received a filing extension from the township assessor, the Form CF-1 must be filed between March 1 and June 14 of each year in which the deduction is applicable.

(e) With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance form (Form CF-1).

(f) Except for information concerning the salaries paid to individual employees and the cost of new manufacturing equipment and/or research and development equipment, the information contained on the Form CF-1 is public information, and the Form CF-1 may be inspected and copied under IC 5-14-3-3. (*Department of Local Government Finance; 50 IAC 10-3-4; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1299; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1307*)

Rule 4. Miscellaneous Provisions

50 IAC 10-4-1 Correcting procedural problems

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 1. (a) If any of the following events occur, the designating body may adopt a resolution to waive noncompliance:

(1) Failure to provide the completed statement of benefits form to the designating body before the hearing held to consider the preliminary resolution.

(2) Failure to submit the completed statement of benefits form to the designating body before the initiation of the redevelopment or rehabilitation or before the installation of new manufacturing equipment and/or research and development equipment for which the person desires to claim an economic revitalization area deduction.

(3) Failure to designate an area as an economic revitalization area before the initiation of the:

(A) redevelopment;

(B) rehabilitation;

(C) installation of new manufacturing equipment; or

(D) installation of new research and development equipment;

for which the person desires to claim an economic revitalization area deduction.

(4) Failure of the designating body to make the required findings of fact before designating an area as an economic revitalization area or authorizing a deduction for new manufacturing equipment, and/or research and development equipment.

(b) This section does not grant a designating body the authority to exempt a person from filing a statement of benefits or exempt a designating body from making findings of fact.

(c) Before adopting a waiver under subsection (a), the designating body shall conduct a public hearing on the waiver. (*Department of Local Government Finance; 50 IAC 10-4-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1299; filed Dec 21, 2000, 2:11 p.m.: 24 IR 1307*)

50 IAC 10-4-2 Late-filed applications; factors to be considered

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-12.1

Sec. 2. (a) The Indiana Court of Appeals has ruled that the state board has the discretion to consider a late-filed application for the economic revitalization area deduction for new manufacturing equipment. State Board of Tax Commissioners of Indiana v. New Energy Company of Indiana, 585 N.E.2d 38 (Ind. App. 1992). However, this discretion does not extend to late-filed deduction applications for real property. Failure to timely file a deduction application for real property results in its loss for that year.

(b) In exercising its discretion as described in subsection (a), the state board shall consider the totality of the facts and circumstances in determining whether or not to approve a late-filed deduction application. Such consideration may be based on one

(1) or more of the following factors:

- (1) Whether the failure to timely file the deduction application resulted from an act of God, or from the death or serious illness of the person principally responsible for the filing of the deduction application.
- (2) Whether the approval of the late-filed deduction application would result in the loss of property tax revenues to the taxing units affected by the deduction.
- (3) Whether a public official gave misleading information to the taxpayer that was the proximate cause of the late-filing, and whether it was reasonable for the taxpayer to rely on that misleading information.
- (4) Whether the lapse between the filing deadline and the date on which the deduction application was actually filed would have prevented local officials from accurately determining the assessed value for budget, rate, and levy purposes.
- (5) Whether there is substantial evidence that local officials support the approval of the late-filed application, even if such approval would result in a loss in tax revenues.
- (6) Whether the late-filing was not due to the taxpayer's negligence.
- (7) Any other factor that the state board considers relevant.

(Department of Local Government Finance; 50 IAC 10-4-2; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1299; errata filed Feb 9, 1996, 11:05 a.m.: 19 IR 1372)

Rule 5. Maritime Opportunity District Deduction

50 IAC 10-5-1 Maritime opportunity district deduction

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-40

Sec. 1. (a) Applications for the maritime opportunity district deduction shall be filed in the same manner as applications for the economic revitalization area deduction as prescribed in 50 IAC 10-3. Applications for maritime opportunity district deductions shall also comply with the requirements of IC 6-1.1-40, and, to the extent there is any conflict between the provisions of 50 IAC 10-3 and IC 6-1.1-40, the provisions of IC 6-1.1-40 shall govern.

(b) The state board has prescribed Form MOD-1, Application for Deduction from Assessed Valuation–Maritime Opportunity District (State Form 42963), as the form on which the maritime opportunity district deduction shall be claimed. *(Department of Local Government Finance; 50 IAC 10-5-1; filed Feb 8, 1996, 5:30 p.m.: 19 IR 1300; errata, 19 IR 1567)*

ARTICLE 11. CONTROL BOARD PROCEDURES

Rule 1. Purpose and Application

50 IAC 11-1-1 Purpose

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 5-16-7; IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 1. The purpose of this rule is to establish procedures to be followed by the state board of tax commissioners, the local government tax control board, and the school property tax control board in their review of local government financing projects, including requirements regarding payments to professionals who work on capital projects in accordance with IC 6-1.1-30-14.5 and disclosure regarding compliance with the requirements of IC 5-16-7. This rule does not restrict the criteria taxing units may use to hire professionals for capital projects, and it does not limit the authority of the state board of tax commissioners to consider such criteria in approving or disapproving capital projects. *(Department of Local Government Finance; 50 IAC 11-1-1; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2726)*

50 IAC 11-1-2 Application

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 2. This rule applies to all contracts entered into on or after the effective date of this rule. (*Department of Local Government Finance; 50 IAC 11-1-2; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2726*)

Rule 2. Definitions

50 IAC 11-2-1 Applicability

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 5-16-7; IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 1. The definitions in this rule apply throughout this article. (*Department of Local Government Finance; 50 IAC 11-2-1; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2726*)

50 IAC 11-2-2 "Capital project" defined

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 2. "Capital project" means any of the following:

- (1) the acquisition and/or development of any site by a taxing unit;
- (2) the acquisition of, leasing of, construction of, remodeling of, alteration to, and/or installation or extension of service systems for any building or structure owned or used by a taxing unit; or
- (3) the acquisition or lease of any equipment by a taxing unit in connection with any of the activities described in this section;

so long as the total amount of the project exceeds five thousand dollars (\$5,000) and property tax revenues will or may be used to pay for any portion of the capital project or debt service or lease rental on the capital project. (*Department of Local Government Finance; 50 IAC 11-2-2; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2726*)

50 IAC 11-2-3 "Fee" defined

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 3. "Fee" means the compensation paid or to be paid to a professional who provides services in conjunction with a capital project. (*Department of Local Government Finance; 50 IAC 11-2-3; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2726*)

50 IAC 11-2-4 "Professional" defined

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 4. (a) "Professional" means a person who is or who performs the services of:

- (1) an accountant;
- (2) an architect;
- (3) an attorney;
- (4) a construction manager;
- (5) an engineer;
- (6) a financial advisor;
- (7) a project administrator;
- (8) a project manager;
- (9) a tax analyst; or
- (10) other person who provides consulting services.

(b) The term, as used in this article, shall not include any person who is or who performs the services of:

- (1) an underwriter;
- (2) an investment banker; or

(3) a real estate broker or salesperson.

(Department of Local Government Finance; 50 IAC 11-2-4; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2726)

50 IAC 11-2-5 “Taxing unit” defined

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-1-21; IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 5. “Taxing unit” means a taxing unit within the meaning of IC 6-1.1-1-21. *(Department of Local Government Finance; 50 IAC 11-2-5; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2727)*

Rule 3. Limitations on the Basis of Payment for Services

50 IAC 11-3-1 Prohibited fees

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 1. A professional who renders services in conjunction with a capital project must have a written agreement with the taxing unit setting forth the basis of the professional's fee for services and shall not be paid a fee based on a percentage of the cost of the capital project. A professional shall not be paid on any basis other than a fee for services agreement. A professional's fee may not be based upon factors not related to the services rendered. *(Department of Local Government Finance; 50 IAC 11-3-1; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2727)*

Rule 4. Additional Rules for Construction Managers and Contractors; Common Construction Wage

50 IAC 11-4-1 Application

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 5-16-7; IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 1. This rule applies to all agreements with construction managers and contractors working on capital projects as that term is defined in 50 IAC 11-2-2, provided that the capital project is subject to IC 5-16-7. *(Department of Local Government Finance; 50 IAC 11-4-1; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2727)*

50 IAC 11-4-2 Documentation regarding payment of common construction wage

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 5-16-7; IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 2. Any taxing unit that enters into an agreement with a construction manager or contractor for a capital project subject to IC 5-16-7, shall provide the school property tax control board or the local government tax control board with documentation regarding the payment of common construction wages for all labor on the capital project as provided in this rule. *(Department of Local Government Finance; 50 IAC 11-4-2; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2727)*

50 IAC 11-4-3 Documentation regarding determination of common construction wage

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 5-16-7-1; IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 3. (a) A taxing unit shall be required to demonstrate, through minutes of the wage committee meeting or other documentation, that in determining common construction wages under the procedures of IC 5-16-7, the wage committee considered the following factors:

(1) A determination of the skilled, semiskilled, and unskilled classes required by IC 5-16-7-1(c)(1) for each trade or craft classification of labor to be employed in the performance of the contract for the project.

(2) A determination of the reasonably anticipated costs of providing fringe benefits commonly paid to workers on similar projects if their exclusion would depress real compensation below the level commonly set by the private sector.

(b) A taxing unit shall be required to demonstrate, through minutes of the wage committee meeting or other documentation, that in determining common construction wages under the procedures of IC 5-16-7, the wage committee:

(1) considered common construction wage reports or survey data compiled by the department of workforce development and any other information submitted to the wage committee, including, but not limited to, reports of the U.S. Department of Labor and collective bargaining agreements between bona fide organizations of labor and employers; and

(2) based its determination on data that the committee considered to be representative of the wages most commonly paid in the county where the project is located for the types of work at issue.

(c) If a taxing unit cannot demonstrate that the factors and information described in subsections (a) and (b) were considered, the taxing unit shall be required to provide an explanation of the reasons why such factors and information were not considered.

(d) The taxing unit shall produce the data and information compiled by the committee formed pursuant to IC 5-16-7-1(b) at the request of the state board of tax commissioners or either control board. (*Department of Local Government Finance; 50 IAC 11-4-3; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2727*)

Rule 5. Procedure

50 IAC 11-5-1 Control board monitoring

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 1. (a) The local government tax control board and the school property tax control board shall be responsible for investigating compliance with this article and shall report on a taxing unit's compliance with this article when making its recommendation to the state board of tax commissioners.

(b) The state board of tax commissioners shall review the recommendations of the local government tax control board and school property tax control board regarding a taxing unit's compliance with this article, and may make such additional inquiries as it deems necessary. In addition, the state board of tax commissioners may, on its own motion, review a taxing unit's compliance with this article. (*Department of Local Government Finance; 50 IAC 11-5-1; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2727*)

50 IAC 11-5-2 Enforcement of rule

Authority: IC 6-1.1-30-14.5; IC 6-1.1-31-1

Affected: IC 6-1.1-19-4.2; IC 6-1.1-20; IC 20-5; IC 20-14-13; IC 21-2-15; IC 21-5; IC 36

Sec. 2. If the board determines that a project is not financially prudent based on the factors described in this article, the board may enforce the provisions of this article through any of the powers available to the board pursuant to its review of capital projects, including, but not limited to, the denial or postponement of approval of the project. (*Department of Local Government Finance; 50 IAC 11-5-2; filed Mar 31, 1998, 2:10 p.m.: 21 IR 2728*)

ARTICLE 12. COMPUTER STANDARDS

Rule 1. Purpose and Objectives

50 IAC 12-1-1 Purpose

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. The purpose of this article is to establish standards for computer systems used by Indiana counties for the administration of the property tax assessment process. (*Department of Local Government Finance; 50 IAC 12-1-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3641*)

50 IAC 12-1-2 Objectives

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 2. The standards established in this article are intended to promote the following objectives:

- (1) To attain uniformity in assessment practices and valuation techniques through the use of functionally equivalent computer systems in each county in the state.
- (2) To improve the management ability in the property tax administration system at the local level through the use of computer systems that comply with this article.
- (3) To improve the management and analysis ability by the tax board through greater access to local assessment data.
- (4) Provide some assurance of the functionality of computer software through a defined certification program.
- (5) Provide assistance to counties in their efforts to select computer software that meets the needs of their specific environment and comply with this article.

(Department of Local Government Finance; 50 IAC 12-1-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3641)

50 IAC 12-1-3 Basic requirements

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 3. (a) The standards specified in this article include the following requirements:

- (1) Programs must price all classes of property strictly according to law.
- (2) Programs must produce required files and reports.
- (3) Local officials must have the ability to design their own supplemental files and reports.
- (4) Programs must have the ability to import, store, and export data, both for state use and to facilitate movement of data between computer systems as required by the counties.
- (5) The assessment software must be able to link a file used to store digitized photographs in a standard format.
- (6) The certified computer system used by a county must be compatible with the data export and transmission requirements in a standard format prescribed by the tax board.
- (7) Assessment software must perform all pricing for land and improvements for residential, agricultural, commercial, industrial parcels, and mobile homes required under 50 IAC *[this title]*.
- (8) Records management and reporting software must manage records and reporting in a manner consistent with the provisions of 50 IAC *[this title]* concerning public utilities.
- (9) All counties must specify geographic information on each parcel in the real estate parcel file, including county number, township number, and district number.

(b) After December 31, 2002, all counties shall be required to maintain all data concerning personal property as part of the county assessment system.

(c) After December 31, 2002, all counties shall be required to maintain all data concerning credits, deductions, and exemptions as part of the county assessment system.

(d) After December 31, 2002, all counties shall have a parcel numbering system that identifies a parcel by geographic location.

(Department of Local Government Finance; 50 IAC 12-1-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3641)

Rule 2. Definitions and Abbreviations

50 IAC 12-2-1 Definitions

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 1. The definitions in this rule apply throughout this article. *(Department of Local Government Finance; 50 IAC 12-2-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3642)*

50 IAC 12-2-2 “ANSI” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 2. “ANSI” refers to the organization of U.S. business and industry groups formed in 1918 for the development of trade and communication standards. ANSI is the American representative of the International Standards Organization. It developed and expanded ASCII. (*Department of Local Government Finance; 50 IAC 12-2-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3642*)

50 IAC 12-2-3 “ASCII” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 3. “ASCII” refers to the coding scheme that assigns numeric values to up to two hundred fifty-six (256) characters, including alphabetic letters, numerals, punctuation marks, and other symbols. ASCII was developed originally in 1968 and expanded in 1983 by ANSI to standardize data transmission among disparate hardware and software systems and is built into all personal computers. The published ANSI reference for ASCII, ANSI X3.110-1983, incorporated herein for reference. (*Department of Local Government Finance; 50 IAC 12-2-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3642*)

50 IAC 12-2-4 “Assessed value” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 4. “Assessed value” means:

- (1) For assessment dates before March 1, 2001, an amount equal to thirty-three and one-third percent (33⅓%) of the true tax value of property.
- (2) For assessment dates after February 28, 2001, an amount equal to the true tax value of property.

(*Department of Local Government Finance; 50 IAC 12-2-4; filed May 28, 1998, 4:50 p.m.: 21 IR 3642*)

50 IAC 12-2-5 “Assessment software” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 5. “Assessment software” means all programs used for property tax administration except:

- (1) systems software; and
- (2) proprietary database management systems that are not proprietary to the assessment software vendor.

(*Department of Local Government Finance; 50 IAC 12-2-5; filed May 28, 1998, 4:50 p.m.: 21 IR 3642*)

50 IAC 12-2-6 “Assessment software vendor” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 6. “Assessment software vendor” means any person who offers to sell or license for use assessment software for the property tax administration system in any county in the state. (*Department of Local Government Finance; 50 IAC 12-2-6; filed May 28, 1998, 4:50 p.m.: 21 IR 3642*)

50 IAC 12-2-7 “Assessment system” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 7. (a) Before January 1, 2003, “assessment system” means all data and functions necessary to the computation of an

assessed value for every real estate parcel in a:

- (1) county;
- (2) township;
- (3) taxing district; or
- (4) taxing unit.

(b) The assessment system described in subsection (a) includes the following:

- (1) The discovery of new construction or improvements.
- (2) Acquisition of descriptive data on all parcels and improvements.
- (3) Determination of land values.
- (4) Determination of improvement values.
- (5) Processing appeals.

(6) Production of required reports.

(7) Processing information contained on the sales disclosure form required by IC 6-1-1-5.5 [IC 6-1 was repealed by P.L. 1-1993, SECTION 27, effective May 4, 1993.].

(c) After December 31, 2002, "assessment system" means all data and functions necessary to the computation of a net assessed value for every real estate parcel or an item of personal property in a:

- (1) county;
- (2) township;
- (3) taxing district; or
- (4) taxing unit.

(d) The assessment system described in subsection (c) includes the following:

- (1) The discovery of new construction or improvements.
- (2) Acquisition of descriptive data on all parcels and improvements.
- (3) Determination of land values.
- (4) Determination of improvement values.
- (5) Processing appeals.

(6) Processing credits, deductions, and exemptions.

(7) Production of required reports.

(8) Processing information contained on the sales disclosure form required by IC 6-1-1-5.5 [IC 6-1 was repealed by P.L. 1-1993, SECTION 27, effective May 4, 1993.].

(Department of Local Government Finance; 50 IAC 12-2-7; filed May 28, 1998, 4:50 p.m.: 21 IR 3642)

50 IAC 12-2-8 "Certification" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 8. "Certification" means when the state board of tax commissioners, according to the rules included in this article, deems that the computer system under review complies with this article. *(Department of Local Government Finance; 50 IAC 12-2-8; filed May 28, 1998, 4:50 p.m.: 21 IR 3643)*

50 IAC 12-2-9 "Computer hardware" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 9. "Computer hardware" means the physical components of a computer system, including any peripheral equipment such as printers, modems, and pointing devices. *(Department of Local Government Finance; 50 IAC 12-2-9; filed May 28, 1998, 4:50 p.m.: 21 IR 3643)*

50 IAC 12-2-10 “Computer hardware provider” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 10. “Computer hardware provider” means any entity who provides computer hardware. (*Department of Local Government Finance; 50 IAC 12-2-10; filed May 28, 1998, 4:50 p.m.: 21 IR 3643*)

50 IAC 12-2-11 “Computer network” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 11. “Computer network” means a group of computers and associated devices that are connected by communications facilities. (*Department of Local Government Finance; 50 IAC 12-2-11; filed May 28, 1998, 4:50 p.m.: 21 IR 3643*)

50 IAC 12-2-12 “Computer services” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 12. “Computer services” means those activities that allow for or enhance the proper operation of a computer system. (*Department of Local Government Finance; 50 IAC 12-2-12; filed May 28, 1998, 4:50 p.m.: 21 IR 3643*)

50 IAC 12-2-13 “Computer services provider” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 13. “Computer services provider” means any entity who provides computer system services, other than the providing of property tax assessment software, to a county. A computer services provider may also be a software vendor. (*Department of Local Government Finance; 50 IAC 12-2-13; filed May 28, 1998, 4:50 p.m.: 21 IR 3643*)

50 IAC 12-2-14 “Computer software” or “software” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 14. “Computer software” or “software” means all programs used for property tax administration, including any system utilities and database management systems necessary to make them function properly. (*Department of Local Government Finance; 50 IAC 12-2-14; filed May 28, 1998, 4:50 p.m.: 21 IR 3643*)

50 IAC 12-2-15 “Computer software provider” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 15. “Computer software provider” means an entity who provides computer software. (*Department of Local Government Finance; 50 IAC 12-2-15; filed May 28, 1998, 4:50 p.m.: 21 IR 3643*)

50 IAC 12-2-16 “Computer system” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 16. “Computer system” means computer hardware and software used in the administration of an assessment system property tax function at the county or township level in Indiana. (*Department of Local Government Finance; 50 IAC 12-2-16; filed*

May 28, 1998, 4:50 p.m.: 21 IR 3643)

50 IAC 12-2-17 “County” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 17. “County” means all counties and for the purpose of this article includes all county offices or county officials when discharging duties related to the assessment system. (*Department of Local Government Finance; 50 IAC 12-2-17; filed May 28, 1998, 4:50 p.m.: 21 IR 3643*)

50 IAC 12-2-18 “Data processing department” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 18. “Data processing department” means a department or office of a county that has responsibility for assessment software development and maintenance. The term refers to a county department or office that develops and maintains software subject to this article. (*Department of Local Government Finance; 50 IAC 12-2-18; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-19 “Database” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 19. “Database” means a file or group of files composed of records, each containing fields together with a set of operations for searching, sorting, recombining, and other related functions. (*Department of Local Government Finance; 50 IAC 12-2-19; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-20 “Database management system” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 20. “Database management system” means a software interface between the database and the user. A database management system handles user requests for database actions and allows for control of security and data integrity requirements. (*Department of Local Government Finance; 50 IAC 12-2-20; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-21 “ISO” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 21. “ISO” refers to the International Organization for Standardization, a worldwide federation of national standards bodies from some one hundred (100) countries, one (1) from each country, established in 1947. It produces international agreements which are published in the ISO Catalog, incorporated herein for reference. The main section of the catalog is entitled International Standards and contains a list of standards with references. (*Department of Local Government Finance; 50 IAC 12-2-21; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-22 “JPEG” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 22. “JPEG” (an acronym for the Joint Photographic Experts Group) refers to the ISO standard for storing images in compressed form. The ISO reference number for JPEG in the International Standards section of the ISO Catalog, incorporated herein

for reference, is ISO reference number is 10918. (*Department of Local Government Finance; 50 IAC 12-2-22; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-23 “Operator” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 23. “Operator” means a person who controls a machine or system, such as a computer. (*Department of Local Government Finance; 50 IAC 12-2-23; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-24 “OSI” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 24. “OSI” refers to the Open System Interconnection ISO standard for worldwide communications that defines a framework for implementing protocols in the seven (7) layers of the OSI Basic Reference Model. The seven (7) layers are:

- (1) physical;
- (2) data link;
- (3) network;
- (4) transport;
- (5) session;
- (6) presentation; and
- (7) application.

There are more than forty (40) ISO reference numbers for OSI in the International Standards section of the ISO Catalog, incorporated herein for reference. The two (2) most commonly applicable to this article are ISO reference number 10731 and ISO reference number 14766. (*Department of Local Government Finance; 50 IAC 12-2-24; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-25 “Parcel number” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 25. “Parcel number” means a unique identifier assigned to a real estate parcel by each county. (*Department of Local Government Finance; 50 IAC 12-2-25; filed May 28, 1998, 4:50 p.m.: 21 IR 3644*)

50 IAC 12-2-26 “Property tax administration system” or “property tax system” defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 26. (a) Before January 1, 2003, “property tax administration system” or “property tax system” means all data and functions necessary to the computation of an assessed value for each real estate parcel in a township or county, and to produce all necessary reports. For each real estate parcel, these functions include the following:

- (1) Data entry.
- (2) Data storage.
- (3) Database management.
- (4) Computation of values.
- (5) Sketch maintenance.
- (6) Photograph maintenance.
- (7) Error checking.
- (8) Data editing.
- (9) Reporting.

(10) Electronic transfer.

(b) After December 31, 2002, "property tax administration system" or "property tax system" means all data and functions necessary to the computation of a net assessed value for each real estate parcel or an item of personal property in a township or county, and to produce all necessary reports. For each real estate parcel, these functions include the following:

- (1) Data entry.
- (2) Data storage.
- (3) Database management.
- (4) Computation of values.
- (5) Sketch maintenance.
- (6) Photograph maintenance.
- (7) Error checking.
- (8) Data editing.
- (9) Reporting.
- (10) Electronic transfer.

(Department of Local Government Finance; 50 IAC 12-2-26; filed May 28, 1998, 4:50 p.m.: 21 IR 3644)

50 IAC 12-2-27 "Proprietary database management system" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 27. "Proprietary database management system" means a database management system that is owned or copyrighted by an entity other than the county and is separate from the application or applications that produce the data stored in the database. *(Department of Local Government Finance; 50 IAC 12-2-27; filed May 28, 1998, 4:50 p.m.: 21 IR 3645)*

50 IAC 12-2-28 "Recertification" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 28. "Recertification" means when the state board of tax commissioners deems that a computer system that has already been initially certified under this article is subsequently certified to again meet the standards prescribed in this article. *(Department of Local Government Finance; 50 IAC 12-2-28; filed May 28, 1998, 4:50 p.m.: 21 IR 3645)*

50 IAC 12-2-29 "Response time" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 29. "Response time" means the amount of time that occurs from a keystroke or pointing device click to the point when the system is available to respond to the next action to be taken. *(Department of Local Government Finance; 50 IAC 12-2-29; filed May 28, 1998, 4:50 p.m.: 21 IR 3645)*

50 IAC 12-2-30 "State" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 30. "State" means the state of Indiana. *(Department of Local Government Finance; 50 IAC 12-2-30; filed May 28, 1998, 4:50 p.m.: 21 IR 3645)*

50 IAC 12-2-31 "System administrator" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 31. "System administrator" means the person responsible for administering use of a multi-user computer system, communications system, or both. (*Department of Local Government Finance; 50 IAC 12-2-31; filed May 28, 1998, 4:50 p.m.: 21 IR 3645*)

50 IAC 12-2-32 "Systems software" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 32. "Systems software" means:

- (1) computer operating systems;
- (2) computer system utilities;
- (3) database managers;
- (4) proprietary database management systems;
- (5) networking software;
- (6) communications software; and
- (7) all other software necessary to the operation of a computer system except assessment software.

(*Department of Local Government Finance; 50 IAC 12-2-32; filed May 28, 1998, 4:50 p.m.: 21 IR 3645*)

50 IAC 12-2-33 "Tax board" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 33. "Tax board" means the state board of tax commissioners. (*Department of Local Government Finance; 50 IAC 12-2-33; filed May 28, 1998, 4:50 p.m.: 21 IR 3645*)

50 IAC 12-2-34 "TCP/IP" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 34. "TCP/IP" refers to the Transmission Control Protocol/Internet Protocol standard telecommunication methodology of implementing protocols permitting electronic interchange and interaction between computers over networks, including the Internet. The IP portion of TCP/IP is in Layer 3, the layer at which information routing takes place, of the OSI Basic Reference Model. The TCP part of TCP/IP that provides end-to-end connection, as well as flow control, is in Layer 4. The ISO reference number for TCP/IP in the International Standards section of the ISO Catalog, incorporated herein for reference, is ISO reference number 14766. (*Department of Local Government Finance; 50 IAC 12-2-34; filed May 28, 1998, 4:50 p.m.: 21 IR 3645*)

50 IAC 12-2-35 "TIFF" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 35. "TIFF" refers to the Tagged Image File Format raster graphics file format. The ISO reference number for TIFF in the International Standards section of the ISO Catalog, incorporated herein for reference, is ISO reference number 12639. (*Department of Local Government Finance; 50 IAC 12-2-35; filed May 28, 1998, 4:50 p.m.: 21 IR 3646*)

50 IAC 12-2-36 "Vendor" defined

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 36. "Vendor" includes a computer software provider, a computer hardware provider, and a computer services provider. (*Department of Local Government Finance; 50 IAC 12-2-36; filed May 28, 1998, 4:50 p.m.: 21 IR 3646*)

Rule 3. General Provisions

50 IAC 12-3-1 Application

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. This article applies to all county computer hardware, systems software, computer services, or assessment software used by the county after December 31, 1998, and all county purchases or contracts for computer hardware, systems software, computer services, or assessment software that are made or entered into after December 31, 1998. All purchases or contracts are subject to the certification and other requirements of this article. (*Department of Local Government Finance; 50 IAC 12-3-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3646*)

50 IAC 12-3-2 Land valuation

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1-4-13.6; IC 36

Sec. 2. (a) Assessment software must value land in accordance with the applicable county land valuation determined under IC 6-1.1-4-13.6. The database shall include all data necessary to price according to the land valuation determination, including all judgment factors applied by the assessor and:

(1) For platted lots:

- (A) Land type and property class.
- (B) Actual frontage.
- (C) Effective frontage.
- (D) Effective depth.
- (E) Depth factor.
- (F) Land area.
- (G) Base rate.
- (H) Adjusted rate.
- (I) Extended value.
- (J) Influence factor type, direction, and percentage.
- (K) Township.
- (L) Summary page number from the land valuation determination.
- (M) District code.
- (N) Addition of subdivision identifier, where available.
- (O) Lot number, where available.
- (P) Description and value of petroleum and mineral rights.

(2) For unplatted lots, the following:

- (A) Land type and property class.
- (B) Soil identification.
- (C) Measured acreage.
- (D) Productivity factor.
- (E) Base rate.
- (F) Adjusted rate.
- (G) Extended value.
- (H) Influence factor type, direction, and percentage.
- (I) Township.
- (J) Range.
- (K) Section.
- (L) District code.
- (M) Summary page number from the land valuation determination.

- (N) Homesite size.
- (O) Legal drain size.
- (P) Roadway size.
- (Q) Classified land size by classification type.
- (R) Description and value of petroleum and mineral rights.

(b) The land type and base rate tables and the soil used in land valuation shall be designed to be updated by the user, either through key entry or from an ASCII file.

(c) The land valuation system shall permit on-line system entry and change of all user-supplied data elements, and shall automatically select the appropriate base rate when land type is entered or changed. It may import data from external electronic file sources. For example, it may provide for the importation of soil data or land sketch data from other electronic files.

(d) If coordinate geometry features are included in the assessment system, it shall compute land area, effective frontage, effective depth, and depth factor.

(e) The land valuation database shall include the location codes used in the land valuation order to facilitate periodic updates of the valuation tables. (*Department of Local Government Finance; 50 IAC 12-3-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3646*)

50 IAC 12-3-3 Improvements valuation

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 3. The improvements valuation system shall compute the true tax value and assessed value for all improvements, as well as display and print assessment information and sketches, in the manner prescribed in the 50 IAC [this title]. (*Department of Local Government Finance; 50 IAC 12-3-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3647*)

50 IAC 12-3-4 Adjustments and appeals

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 4. (a) The assessment system shall prevent the entry of true tax values and assessed values that would replace a value computed under section 3 of this rule. The assessment system shall permit the sound value entry of a true tax value in a practical fashion under reasonable circumstances consistent with section 3 of this rule. In those circumstances when the sound value is entered, the assessment system shall flag the record accordingly and require the operator to enter the reason for entering the sound value. For the purpose of this section, "sound value" means the value of an entity established by comparing it to similar entities of comparable condition, desirability, and usefulness.

(b) The assessment system shall maintain a record of adjustments that affects assessed value resulting from error corrections, appeals granted at the county level, and appeals granted by the tax board or any other valid reassessment. The system shall save the entire record before and after an adjustment. Information maintained on each adjustment made shall include the following:

- (1) The record that was changed.
- (2) The prior values.
- (3) The new values.
- (4) The date of the adjustment.
- (5) The reason for the adjustment (e.g., a Form 133 or 131 appeal).
- (6) A plain text description of grounds for appeal at each step in the process, the disposition of each appeal, and comments from each authority hearing the appeal.
- (7) The name and address of the appellant.
- (8) The date each appeal was filed.
- (9) The appeal number or other unique identifier.

(c) The assessment system shall provide for appeals tracking and for maintenance of prior values pending appeals resolution in order to ensure the use of correct assessed values for tax billing purposes. The system shall provide for all necessary adjustments on final resolution of appeals. (*Department of Local Government Finance; 50 IAC 12-3-4; filed May 28, 1998, 4:50 p.m.: 21 IR 3647*)

50 IAC 12-3-5 Depreciation of improvements

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 5. The assessment system shall correctly apply the rules for depreciation of improvements under all circumstances, including those involving additions to existing structures. The system shall maintain the depreciation method appropriate for each tax year. (*Department of Local Government Finance; 50 IAC 12-3-5; filed May 28, 1998, 4:50 p.m.: 21 IR 3647*)

50 IAC 12-3-6 Maintenance of data from prior years

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 6. (a) The assessment system shall maintain and make available for electronic retrieval all assessment system data relative to:

- (1) The current date.
- (2) The most recent March 1.
- (3) March 1 of the year prior to the most recent March 1.
- (4) The assessment date of the most recent general reassessment.
- (5) The date of any other assessment made subsequent to the date specified in subdivision (3).

(b) In addition to subsection (a), the assessment system shall permit a county both to maintain current records and to enter, update, and retrieve records for an ongoing reassessment.

(c) Assessment data relating to dates, not specified in subsection (a), which must be purged from the on-line system, shall be stored off line in a flat ASCII file in machine readable form. Field and file definitions must also be included with the data in machine-readable form. (*Department of Local Government Finance; 50 IAC 12-3-6; filed May 28, 1998, 4:50 p.m.: 21 IR 3647*)

50 IAC 12-3-7 Maintenance of data on personal property

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 7. (a) After December 31, 2002, the assessment system shall maintain the following information on personal property:

- (1) Assessed value of vehicles, from Form 101, Schedule A.
- (2) Assessed value of boats and boat equipment, from Form 101, Schedule B.
- (3) Assessed value of farm implements and equipment, from Form 102, Schedule A.
- (4) Assessed value of livestock, poultry and fur-bearing animals, from Form 102, Schedule B.
- (5) Assessed value of grain, seeds, and forage crops, from Form 102, Schedule B.
- (6) Assessed value of inventories from Form 103, Long or Short, Schedule B.
- (7) Assessed value of business depreciable personal property, from Form 103, Long or Short, Schedule A.
- (8) Assessed value of inventories of public utility companies, from Form 1 – Utility, Schedule B.
- (9) Assessed value of fixed depreciable personal property of public utility companies, from Form 1 - Utility, Schedule A.
- (10) Assessed value of any other personal property required to be reported to assessing officials.

(b) Notwithstanding subsection (a), the provisions for importing, storing, and exporting data on personal property, as stated in rule 7 of this article [50 IAC 12-7], must be in place no later than December 31, 1998.

(c) Notwithstanding subsection (a), the assessment software must provide the capability for updating and maintaining data on personal property no later than December 31, 1998. (*Department of Local Government Finance; 50 IAC 12-3-7; filed May 28, 1998, 4:50 p.m.: 21 IR 3647*)

50 IAC 12-3-8 Credits, deductions, and exemptions

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 8. (a) After December 31, 2002, the assessment system shall maintain records of all credits, deductions, and exemptions filed for each parcel, and shall make the necessary adjustments in the computation of net assessed value for each tax year. As used in this section, "credits, deductions, and exemptions" means any postassessment adjustment to assessed value or property tax due that is provided by law. Credits, deductions, and exemptions include, but are not limited to, homestead credits, abatements, veterans deductions, and adjustments resulting from location in a tax increment financing district.

(b) Notwithstanding subsection (a), the provisions for importing, storing, and exporting data on credits, deductions, and exemptions, as stated in rule 7 of this article [50 IAC 12-7], must be in place no later than December 31, 1998.

(c) Notwithstanding subsection (a), the assessment software must provide the capability for updating and maintaining data on credits, deductions, and exemptions no later than December 31, 1998.

(d) The assessment system shall prohibit the entry of a credit, deduction, or exemption for which the parcel is ineligible if the data necessary to determine eligibility are part of the assessment database. (*Department of Local Government Finance; 50 IAC 12-3-8; filed May 28, 1998, 4:50 p.m.: 21 IR 3648*)

50 IAC 12-3-9 Year 2000; compliance

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 9. All computer hardware and software must be year 2000 compliant. All manufacturers of computer hardware, publishers of computer systems software, and assessment software vendors shall warrant that their products shall not experience abnormal ending, produce invalid or incorrect results, or otherwise malfunction as a result of the occurrence of the calendar year 2000. (*Department of Local Government Finance; 50 IAC 12-3-9; filed May 28, 1998, 4:50 p.m.: 21 IR 3648*)

50 IAC 12-3-10 Sketches and photographs

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 10. The assessment system must provide for sketches and digitized photographs to be maintained. The system must meet ISO standards for the capture, storage, and transfer of photographic images. File formats must include JPEG or TIFF. (*Department of Local Government Finance; 50 IAC 12-3-10; filed May 28, 1998, 4:50 p.m.: 21 IR 3648*)

50 IAC 12-3-11 Mass assessment appraisal standard

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 11. The assessment system must conform the STANDARD 6, Mass Appraisal and Reporting, of the Uniform Standards of Professional Appraisal Practice, in effect on January 1, 1998, as published by The Appraisal Foundation, the organization authorized by the U.S. Congress as the source of appraisal standards and appraiser qualifications. (*Department of Local Government Finance; 50 IAC 12-3-11; filed May 28, 1998, 4:50 p.m.: 21 IR 3648*)

Rule 4. On-Line System Requirements

50 IAC 12-4-1 Record retrieval

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. (a) The interactive assessment system must be designed to permit operators to retrieve all data on a parcel by at least the following characteristics:

- (1) Parcel number.
- (2) Parcel address.
- (3) Owner name.

(4) Petitioner name if an assessment has been appealed.

(5) Appeal number if an assessment has been appealed.

(b) It must be possible to enter a partial search key. For example, a successful search could be accomplished using only the first few letters of the owner's name, and find the first record meeting the entered pattern. It must be possible for the operator to obtain the next and prior records from any position in the file in the above search orders except for petitioner name and appeal number.

(c) It is required that operators be able to browse the database using any of the characteristics listed in subsection (a), beginning at any found record. (*Department of Local Government Finance; 50 IAC 12-4-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3648*)

50 IAC 12-4-2 On-line updates

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. (a) It must be possible for an operator with the appropriate security level to modify an existing record once it is found, regardless of the order of the original search. Updates must take immediate effect in the master file so that all data retrievals will be current.

(b) An operator with the authority to add records must be able to do so on line.

(c) An operator with the authority to split parcels must be able to do so on line.

(d) Edit checks on records added or modified must prevent:

(1) the entry of impossible values of individual fields; and

(2) logically impossible combinations of values across fields.

(e) An operator with the authority to inactivate a record must be able to inactivate the current record. The assessment system must:

(1) allow an operator to change the status of a record from active to inactive;

(2) maintain a copy of a record with a status of inactive; and

(3) provide for the retrieval and viewing of a record with a status of inactive on the same retrieval keys as those provided for records with a status of active.

(f) It must be possible for an operator to find a record with a status of inactive and restore it to active status. In the case of real estate parcel records, all records must be considered to be permanent archive records unless they were added in error. A record created in error may be inactivated, subject to subsection (e). A record that is replaced as a result of another transaction, (e.g. one replaced as a result of the split of a parcel) must be retained as part of the history of the appropriate parcel.

(g) The on-line assessment system must permit the entry of a sketch of improvements, with dimensions, labels, and annotation, and compute all necessary floor areas, perimeters, and perimeter area ratios. Sketch labels, annotation, and dimensions shall be in accordance with 50 IAC [this title]. The on-line assessment system must also permit a photograph. (*Department of Local Government Finance; 50 IAC 12-4-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3649*)

50 IAC 12-4-3 System and data security

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 3. (a) The assessment software shall include a security system to ensure computer system and data security. The security system must provide for adequate access controls to the system as a whole, and for appropriate levels of control of access to database functions. It must be possible for a local computer system administrator to define users and assign them rights to the system. Rights must be user-specific or specific to a user on a specific device. Rights must not be device-specific.

(b) The following rights level must be available:

(1) None (no access to the assessment system).

(2) Read only (search and view).

(3) Add parcel and assessment data.

(4) Add credit, deduction, and exemption data.

- (5) Add appeals data.
- (6) Modify credit, deduction, and exemption data.
- (7) Delete a parcel.
- (8) Split a parcel.
- (9) Add a personal property record.
- (10) Modify a personal property record.
- (11) Add valuation table data.
- (12) Modify valuation table data.

(Department of Local Government Finance; 50 IAC 12-4-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3649)

50 IAC 12-4-4 On-line reports

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 4. (a) Before January 1, 2003, an operator must be able to print at least the following reports on the current record:

- (1) All data items that would be printed on a property record card, including a sketch of improvements. The system should print each sketch as it appears on the computer screen.
- (2) A field listing form.
- (3) A Notice of Assessment of Land and Structures - Form 11.
- (4) Notice of Assessment by Assessing Officer - Form 113.

(b) After December 31, 2002, an operator must be able to print at least the following reports on the current record:

- (1) All data items that would be printed on a property record card, including a sketch of improvements. The system should print each sketch as it appears on the computer screen.
- (2) A field listing form.
- (3) A Notice of Assessment of Land and Structures– Form 11.
- (4) A Notice of Assessment by Assessing Officer– Form 113.
- (5) A Mobile Home Assessment Worksheet–Form 3.
- (6) A Notice of Assessment of Mobile Home–Form 2.
- (7) A Notice of Assessment of Personal Property - Form 115.
- (8) A summary of personal property for a taxpayer.

(c) If photo or video imaging is provided, it must be possible for an operator to print any photographic images associated with the current record. *(Department of Local Government Finance; 50 IAC 12-4-4; filed May 28, 1998, 4:50 p.m.: 21 IR 3649)*

50 IAC 12-4-5 Data integrity

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 5. (a) The computer system must provide data integrity guarantees, including the following:

- (1) A date stamp on each record showing the date of the last update.
- (2) A user identification stamp showing the operator who performed the last update.
- (3) A date stamp showing the date each record was created.
- (4) A user identification stamp showing the operator who created the record.
- (5) Field or record locking to prevent simultaneous updates while permitting read-only access.
- (6) On transaction records, the date of the transaction and the user identification of the operator who entered the transaction.
- (7) Not allowing a duplicate of a key that uniquely identifies a record in a file.
- (8) Validity checks for data, such as not allowing an alphabetic character to be stored in an all-numeric field.
- (9) Checks for data that are out-of-range or unreasonable, such as a transaction date of August 13, 2997.
- (10) Checks for blanks being stored in fields that must not be blank.

(b) While these transaction records must of necessity be created by the on-line computer system, they may be maintained off-line in a data file. The system must include an ability to generate reports from this transaction log by data field, user, date range,

parcel number, township, or owner. (*Department of Local Government Finance; 50 IAC 12-4-5; filed May 28, 1998, 4:50 p.m.: 21 IR 3650*)

50 IAC 12-4-6 On-line help

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 6. In addition to user manuals and quick reference materials, the on-line computer system shall provide a user tutorial suitable for the use of new operators. It shall also provide on-line, context-sensitive help that is accessible to operators without requiring that they exit from the function on which they need help. The context-sensitive help function shall provide at least the following:

- (1) For coded fields, a list of valid codes and their meanings.
- (2) For noncoded fields, a description of constraints on data entry.
- (3) For menus, a description of what actions are available on selection of each menu choice.
- (4) When an error message has been issued, an explanation of the error condition and advice on corrective action.
- (5) The ability for the operator to obtain help without allowing the operator to enter data violating the standards specified in 50 IAC [this title] regarding data integrity.

(*Department of Local Government Finance; 50 IAC 12-4-6; filed May 28, 1998, 4:50 p.m.: 21 IR 3650*)

50 IAC 12-4-7 On-line screens

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 7. The on-line screens in the computer system must:

- (1) be a menu-based system;
- (2) place importance on using the fewest possible screens;
- (3) not allow redundant data entry (The operator should be able to travel from screen to screen without rekeying the primary key, such as parcel number.);
- (4) promote the use of extensive pointing device support;
- (5) provide for windowing/scrolling for on-line applications.

(*Department of Local Government Finance; 50 IAC 12-4-7; filed May 28, 1998, 4:50 p.m.: 21 IR 3650*)

50 IAC 12-4-8 Response time

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 8. (a) The response time, must be appropriate for the application being run. The response times for a stand-alone workstation and a networked workstation may not differ by more than ten percent (10%) for those systems that meet the configuration requirements specified in this article.

(b) Measurement of the response time shall be part of the total computer system certification or recertification. An on-site test shall be conducted on the county's system. (*Department of Local Government Finance; 50 IAC 12-4-8; filed May 28, 1998, 4:50 p.m.: 21 IR 3650*)

Rule 5. Hardware and Software Standards

50 IAC 12-5-1 Hardware requirements

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. The following standards apply to all computer hardware:

(1) The hardware to be acquired, and all hardware in a computer system to be certified or recertified, must be a current model. For the purpose of this section, "current model" means:

(A) a model for which the manufacturer continues to:

- (i) manufacture or inventory all parts essential to its functioning in manner intended by the manufacturer;
- (ii) provide complete maintenance; and
- (iii) actively supports as a fully maintainable and market viable product;

at the time it is to be acquired; and

(B) there is no reason to believe the manufacturer will discontinue support of the model as described in subdivision (1)(A)(i-iii) [clause (A)] within the succeeding twenty-four (24) month period. If the model of the computer hardware under consideration for acquisition or any existing hardware that is part of an assessment system to be certified or recertified is not the current model, the tax board may require a model upgrade as a condition of certification or recertification.

(2) All computer hardware must meet the minimum configuration requirements stated by the software publishers, including the vendors of the assessment software, on which the software is installed. These requirements apply to the following:

- (A) Amount of memory.
- (B) Capacity of hard disk.
- (C) Processor type.
- (D) Processor speed.
- (E) Operating system for a stand-alone device or mainframe.
- (F) Networking software for a server.

(Department of Local Government Finance; 50 IAC 12-5-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3650)

50 IAC 12-5-2 Software requirements

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. The following standards apply to all computer systems software:

(1) The software to be installed and all software in an assessment system to be certified or recertified, must be a current version and release. For the purpose of this section, "current version and release" means:

(A) a version and release which the software publisher continues to:

- (i) publish or inventory;
- (ii) provide complete maintenance; and
- (iii) actively supports as a fully maintainable and market viable product;

at the time it is to be acquired; and

(B) there is no reason to believe the publisher will discontinue support of the current version and release as described in subdivision (1)(A)(i-iii) [clause (A)] within the succeeding twenty-four (24) month period. If the installed version is not the current version and release, the tax board may require a version upgrade as a condition of certification or recertification.

(2) All computer systems software must meet the minimum requirements (e.g., software version) stated by the computer hardware manufacturers on which the software is installed.

(Department of Local Government Finance; 50 IAC 12-5-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3651)

Rule 6. Reporting System Requirements

50 IAC 12-6-1 Reports to tax board

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. (a) Before January 1, 2003, the assessment system shall maintain all the data contained in the following reports:

(1) The Certified Statement of Assessed Valuation.

- (2) Tax Board Form 34C, certification by county assessor (of railroad and public utility assessments).
 - (3) Tax Board Form 34T, certification by township assessor (of railroad and public utility assessments).
 - (b) After December 31, 2002, the assessment system shall maintain all the data contained in the following reports:
 - (1) Columns 1–24 of the Valuation of Property (Section 1 of The Abstract of Charges).
 - (2) The Certified Statement of Assessed Valuation.
 - (3) Tax Board Form 15, report to the tax board by county assessor, report of assessed value of personal property.
 - (4) Tax Board Form 14, report to county assessor by township assessor, report of assessed value of personal property.
 - (5) Tax Board Form 34C, certification by county assessor (of railroad and public utility assessments).
 - (6) Tax Board Form 34T, certification by township assessor (of railroad and public utility assessments).
 - (c) The assessment system shall provide for the selection and production of all printed assessment system reports and electronic files sent to the tax board, including, but not limited to, the following:
 - (1) After December 31, 2002, Tax Board Form 15, report to the tax board by county assessor, report of assessed value of personal property.
 - (2) Tax Board Form 34C, certification by county assessor (of railroad and public utility assessments).
- (Department of Local Government Finance; 50 IAC 12-6-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3651)*

50 IAC 12-6-2 Assessment reports

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. (a) Before January 1, 2003, the assessment system must print the following reports for any taxing unit or taxing district:

- (1) All data items that would be printed on a property record card, including sketches of improvements and photographs.
- (2) Notice of Assessment of Land and Structures–Form 11.
- (3) A Notice of Assessment by Assessing Officer–Form 113.
- (4) Field listing forms, in operator choice, of the following orders:
 - (A) Routing number.
 - (B) Parcel number.
 - (C) Map number.
 - (D) Parcel address.
- (b) After December 31, 2002, the assessment system must print the following reports for any taxing unit or taxing district:
 - (1) All data items that would be printed on a property record card, including sketches of improvements and photographs.
 - (2) A Notice of Assessment of Land and Structures–Form 11.
 - (3) A Notice of Assessment by Assessing Officer–Form 113.
 - (4) A Notice of Assessment of Mobile Home–Form 2.
 - (5) A Notice of Assessment of Personal Property–Form 115.
 - (6) Assessor’s Book–Form 29.
 - (7) Field listing forms, in operator choice of the following orders:
 - (A) Routing number.
 - (B) Parcel number.
 - (C) Map number.
 - (D) Parcel address.

(Department of Local Government Finance; 50 IAC 12-6-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3651)

50 IAC 12-6-3 User-defined reports

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 3. (a) The reporting system shall provide a facility for user-defined reports that provides the following capabilities:

- (1) Screen prints.
- (2) Selection of any group of database fields for inclusion in a report.

- (3) Selection of any group of records for inclusion in a report.
- (4) Creation by the user of report fields computed from database fields or other computed fields.
- (5) User-specified summary statistics for all report fields, overall and by group.
- (6) Printing in any user-specified order.
- (7) Grouping on any user-specified criterion.
- (b) Available summary statistics shall include the following:
 - (1) Sum.
 - (2) Count.
 - (3) Mean.
 - (4) Median.
 - (5) Difference.
 - (6) Product.
 - (7) Division.
 - (8) Standard deviation.
 - (9) Coefficient of variation.
 - (10) Variance.
 - (11) Percentages.
 - (12) Linear regression.
- (c) The grouping and record selection facility shall:
 - (1) provide for complex selections using all logical operators; and
 - (2) must permit nesting of operations.

(d) The system shall permit the user to save the layout of a user-defined report for subsequent use. The system shall permit the user to save user-defined queries for subsequent use. (*Department of Local Government Finance; 50 IAC 12-6-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3652*)

50 IAC 12-6-4 Output devices

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 4. Users shall be able to route reports to a screen, a file, a printer, or electronically to the tax board. Reports written to a file, or electronically to the tax board, must follow the requirements for data export as established in this article. (*Department of Local Government Finance; 50 IAC 12-6-4; filed May 28, 1998, 4:50 p.m.: 21 IR 3652*)

50 IAC 12-6-5 Management reports

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 5. (a) The reporting system shall provide for routine management reports showing transactions for user specified time periods that include the following:

- (1) Number of records updated, by class of property.
 - (2) Numbers of records added, by class of property.
 - (3) Changes in assessed value, by class of property broken into land and improvements.
 - (4) Assessed value by class of property broken into land and improvements.
 - (5) Number of parcels, by class of property.
 - (6) Number and value of personal property filings by type of personal property, broken by business, agricultural, and personal.
 - (7) Number of appeals and requests for error correction pending at each level, by class property and the amount of assessed value at issue.
 - (8) Number of appeals and requests for error correction filed during the time period covered by the report at each level by class of property, and the amount of assessed value at issue.
- (b) The reports must be available for the county as a whole, by taxing unit, taxing district, and user. At operator option, these

reports must be:

- (1) broken into daily, weekly, monthly, quarterly, or annual time periods; or
- (2) a report on the current status of the assessment database.

(Department of Local Government Finance; 50 IAC 12-6-5; filed May 28, 1998, 4:50 p.m.: 21 IR 3652)

Rule 7. Data Transfer System Requirements

50 IAC 12-7-1 Data transfer environment

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 1. All software must operate in an Open System Interconnection (OSI)-compliant environment (Layer 3 of the OSI Basic Reference Model is the network layer at which data transfer takes place). All hardware must operate in an OSI-compliant environment. *(Department of Local Government Finance; 50 IAC 12-7-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3653)*

50 IAC 12-7-2 Data import

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 2. (a) The assessment system must provide for data to be imported and stored from files organized according to the import/export file layout specifications as shown in Appendix I [50 IAC 12-16]. The assessment system must import and store data concerning personal property and credits, deductions, and exemptions. The codes standing for items stored in the appropriate fields in the imported files must meet the required code specifications as shown in Appendix II [50 IAC 12-17].

(b) The assessment system must provide for batch updates from external files organized as flat ASCII files containing the same fields (or any subset thereof) as those in the database. For example, it must be possible for the database to be updated in batch mode from a reassessment contractor's files. As used in this section, "update" means adding new records to a database or modifying existing records, or both. Batch update programs shall provide the following features:

- (1) Perform the same edit checks as those performed for on-line updates.
- (2) Not update the database if an error is encountered, but shall identify the record in error and indicate the type of error until the record is corrected. Provide for a method of correcting errors on-line and releasing corrected records to the database.
- (3) Provide error reports for each update run, showing the contents of each record found to be in error.
- (4) Provide a means of reversing a batch update run to restore the database to its condition immediately prior to the batch update.

(c) The assessment system must provide for graphic files, including sketches and photographs and ISO standards for the capture, storage, and transfer of photographic images. *(Department of Local Government Finance; 50 IAC 12-7-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3653)*

50 IAC 12-7-3 Data export

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 3. (a) The assessment system must provide for export data organized according to the import/export file layout specifications as shown in Appendix I [50 IAC 12-16]. The assessment system must export data concerning personal property and credits, deductions, and exemptions. The codes standing for items stored in the appropriate fields in the exported files must meet the required code specifications as shown in Appendix II [50 IAC 12-17].

(b) The assessment system must provide for data exports in flat ASCII files of the following types:

- (1) Export of a file containing the entire database or any defined subset of records and fields.
- (2) Periodic, scheduled export of all records in the database that have been modified or added since the last export. The fields to be included in these exports must be any of the mandatory fields as defined in the import/export file layout specifications as shown in Appendix I [50 IAC 12-16]. The frequency of updates and logical record definitions may be prescribed in rules

by the tax board.

(3) All reports must be transferable as batch files.

(c) All files prepared for batch export must be accompanied by a separate file that provides the record layout and other pertinent information.

(d) The assessment system must provide for graphic files, including sketches and photographs and meet ISO standards for the capture, storage, and transfer of photographic images.

(e) After December 31, 2002, the assessment system must provide for data to be archived into files organized according to the import/export file layout specifications as shown in Appendix I [50 IAC 12-16]. The codes standing for items stored in the appropriate fields in the archived files must meet the required code specifications as shown in Appendix II [50 IAC 12-17]. The operator shall be able to select date ranges pertinent to the archiving process. Balance totals for each data set identifying the number archived and the number remaining as part of the on-line system must be included. For the purpose of this section, "archive" means to copy data into files for off-line storage while leaving items such as transactional balances unaffected. (*Department of Local Government Finance; 50 IAC 12-7-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3653*)

50 IAC 12-7-4 Media

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 4. The computer system must provide for the following file transfer methods:

(1) For modems:

(A) acquired before December 31, 1998, not less than nine thousand six hundred (9,600) bps; and

(B) acquired after December 31, 1998, must operate at speeds not less than twenty-eight thousand eight hundred (28,800) bps.

(2) Diskettes must be three and one-half (3½) inches and readable by an IBM compatible PC. Diskette drives acquired after December 31, 1998, must house three and one-half (3½) inches diskettes. Diskette files must contain undelimited, fixed-length fields, with records delimited by a carriage return and line feed.

(3) Writeable CD-ROM acquired after December 31, 2002.

(*Department of Local Government Finance; 50 IAC 12-7-4; filed May 28, 1998, 4:50 p.m.: 21 IR 3654*)

50 IAC 12-7-5 Computer networks

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 5. The requirements for both the computer hardware and software components of computer networks are stated in this article. (*Department of Local Government Finance; 50 IAC 12-7-5; filed May 28, 1998, 4:50 p.m.: 21 IR 3654*)

Rule 8. Required Database Features

50 IAC 12-8-1 General

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. The database management system must provide all management and retrieval facilities necessary to the proper functioning of the system, including multiple user access and multiple program access. (*Department of Local Government Finance; 50 IAC 12-8-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3654*)

50 IAC 12-8-2 Proprietary database systems

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. (a) Proprietary database management systems shall comply with the following:

- (1) There shall be a current version and release when installed.
- (2) At any time that software certification or recertification is required, the installed version must be a “current version and release”, as defined in section 12-5-2 of this article [50 IAC 12-5-2] of the software publisher that owns them for the hardware platform on which the assessment software is installed.
- (3) All proprietary database management systems shall provide, or a compatible third party report writer must be available to provide, the capability to create the user-defined reports having the characteristics described in this article.
- (4) All proprietary database management systems acquired after December 31, 1998, shall be either an industry standard relational database management system or an object database management system.
- (5) All proprietary database management systems acquired after December 31, 1998, shall support a structured query language.

(b) For the reasons listed below, the tax board recommends, but does not require that counties acquire assessment software that utilizes a proprietary database management system:

- (1) A centralized database allows data to be shared among offices.
- (2) Security of the county’s data can be enhanced and improved.
- (3) A change of the assessment software or any other part of the computer system is made considerably easier.
- (4) Software systems are developed today in which the data are stored separately from the computer application programs that interact with the data.

(Department of Local Government Finance; 50 IAC 12-8-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3654)

50 IAC 12-8-3 Database systems proprietary to the vendor

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 3. (a) All database systems owned by the applications software vendor shall meet all of the qualifications of other proprietary database systems. In addition, they shall be fully documented and the technical documentation held in escrow.

(b) All data that are stored as part of the assessment database are owned by the county.

(c) Should for any reason a county change the assessment software or any other part of the computer system at the end of a contractual period, contract termination, decertification, or failure of recertification, the vendor of the assessment software shall in no way impede or delay the smooth, orderly, and timely transfer of the county’s data from the current database to a new database.

(Department of Local Government Finance; 50 IAC 12-8-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3654)

50 IAC 12-8-4 Histories and transaction logs

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 4. (a) The database system shall maintain the following data:

- (1) All add and update transactions with date and user.
- (2) All appeals data.
- (3) Where parcel numbers have changed, all succeeding parcel records must include both the old and new numbers.

(b) Reports using history data must be retrievable from the on-line database system for a period dating back twelve (12) months prior to the last date of the general reassessment. Older transactions and history data must be retained off-line in an electronic format if the assessment system is not capable of maintaining all data on-line. *(Department of Local Government Finance; 50 IAC 12-8-4; filed May 28, 1998, 4:50 p.m.: 21 IR 3655)*

50 IAC 12-8-5 Sketches and photographs

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 5. The database must also provide for storage and retrieval capabilities for graphic files, including sketches and

photographs. The database must meet ISO standards for the storage and retrieval of photographic images. (*Department of Local Government Finance; 50 IAC 12-8-5; filed May 28, 1998, 4:50 p.m.: 21 IR 3655*)

Rule 9. System Documentation and Training

50 IAC 12-9-1 Documentation preparation

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. Each vendor shall prepare the following documentation for each system:

- (1) User documentation
- (2) Technical documentation.

(*Department of Local Government Finance; 50 IAC 12-9-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3655*)

50 IAC 12-9-2 User documentation

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. User documentation shall consist of the following:

- (1) A reference manual that includes:
 - (A) A description of each function performed by the system.
 - (B) A picture of each screen in the system.
 - (C) Pictures and instructions for each menu in the system.
 - (D) Pictures and instructions for each report in the system.
 - (E) Complete operating instructions for the system.
 - (F) A listing of error messages and guidelines for user actions in response to each one.
- (2) A quick reference guide to the system to help the user navigate through the system without frequent reference to the manual.
- (3) A system administrator's manual that includes:
 - (A) Backup and restoration procedures.
 - (B) Recovery procedures.
 - (C) Procedures for any required periodic maintenance functions.
 - (D) Procedures for adding and deleting users from the application.
 - (E) Procedures for assigning and modifying access rights to the system.
 - (F) Procedures for any batch operations not covered in the reference manual.
- (4) A training manual designed to introduce a new user to the system or any part of the system. This manual may be delivered in the form of an on-line tutorial.
- (5) On-line help available to the user by topic.
- (6) On-line context sensitive help available to the user through a designated keystroke sequence, series of clicks of a pointing device, or equivalent process.

(*Department of Local Government Finance; 50 IAC 12-9-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3655*)

50 IAC 12-9-3 Technical documentation

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 3. Each vendor shall prepare technical documentation for the system that includes the following:

- (1) Installation instructions.
- (2) Specifications for hardware, operating systems, database systems, and system utilities required by the system.
- (3) Complete external documentation of the system, including:

- (A) systems analysis;
 - (B) design documents;
 - (C) diagrams;
 - (D) program specification; and
 - (E) data dictionaries.
- (4) Complete documentation of all files.
 - (5) Complete database documentation.
 - (6) Any other information necessary to install, operate, or modify the system.

This documentation must be available for examination by the tax board during the certification process. (*Department of Local Government Finance; 50 IAC 12-9-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3655*)

Rule 10. Vendor Eligibility

50 IAC 12-10-1 Vendor eligibility

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. (a) Assessment software vendors must:

- (1) Submit their products for certification or recertification testing by the tax board under this article:
 - (A) before entering into any contract or sales agreement with a county; and
 - (B) each time that major changes are made.
- (2) Either:
 - (A) submit a current copy of all applications program source code to an independent escrow agent designated by the tax board; or
 - (B) deliver all source code to the county.
- (3) Submit a current copy of all existing user documentation and technical documentation that includes any:
 - (A) existing data flow diagrams;
 - (B) entity relationship diagrams;
 - (C) structure charts;
 - (D) flow charts;
 - (E) other systems analysis and design information;

with the tax board, the designated escrow agent, and the county.

- (4) Submit a current copy of the database documentation with the tax board, the designated escrow agent, and the county that includes the following:
 - (A) Database structures;
 - (B) Any diagrams and technical reports normally kept for the database management system used;
 - (C) Descriptions of all data elements;
 - (D) If a data dictionary exists, the dictionary, in machine-readable form;
 - (E) Any edit tables and external database structures used by the system; and
 - (F) Any other information necessary to replicate the database structure and its contents.
- (5) Submit with the tax board, the designated escrow agent, and the county, documentation of system resource requirements for the system.
- (b) For the purpose of this section, “major change” means a significant alteration in the operation of the computer system or any other change that would cause the computer system not comply with this article. A “major change” as defined in this subsection:
 - (1) includes such changes as:
 - (A) a modification that changes a computational method used in pricing;
 - (B) the removal of any required data or feature; or
 - (C) a modification that requires a different operating system.
 - (2) does not include such changes as:
 - (A) a modification that allows a different printer to be added to the computer system;

- (B) the addition of any feature that increases functionality without requiring different or additional computer hardware or a different operating system; or
- (C) a modification that improves performance without requiring different or additional computer hardware or a different operating system.

If the assessment software vendor has reason to question whether a change constitutes a “major change” under this section, the assessment software vendor must request a written determination from the tax board. The request must specify the contemplated change in detail. Within ten (10) days of receipt of the request specifying the contemplated change, the tax board will issue a determination of whether the contemplated change constitutes a “major change”. (*Department of Local Government Finance; 50 IAC 12-10-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3655*)

50 IAC 12-10-2 Computer services providers

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 2. Computer services providers must:

- (1) possess a detailed knowledge of all computer hardware and computer software that comprise the computer system of the county, as it is certified;
- (2) have a thorough understanding of the requirements of this article;
- (3) not perform any service activity for the county that alters the computer system such that the computer system, subsequent to the service activity, would no longer be in compliance with this article.

(*Department of Local Government Finance; 50 IAC 12-10-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3656*)

50 IAC 12-10-3 Computer hardware providers

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 3. Computer hardware providers must:

- (1) possess a detailed knowledge of all computer hardware and computer software that comprise the computer system of the county, as it is certified;
- (2) have a thorough understanding of the requirements of this article;
- (3) not provide any hardware for the county, that upon installation would alter the computer system such that the computer system subsequent to the hardware installation, would no longer be in compliance with this article.

(*Department of Local Government Finance; 50 IAC 12-10-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3656*)

Rule 11. Certification

50 IAC 12-11-1 General provisions

Authority: IC 6-1.1-31; IC 6-1.1-31.5
Affected: IC 6-1.1; IC 36

Sec. 1. (a) Except as provided in subsection (b), after December 31, 1998, a county may not use, purchase, contract for the purchase of, or otherwise acquire:

- (1) computer software;
- (2) computer services; or
- (3) computer hardware;

unless the computer system to be used and any software, services, or hardware is certified by the tax board under this article.

(b) Computer software, computer services, or computer hardware, that the tax board has determined in writing will not significantly affect the ability of a computer system to function in compliance with this article, such as a printer, monitor, or utility software that allows the application to operate unchanged, does not have to be certified.

(c) All county computer systems shall be submitted for initial certification under section 2 of this rule no later than August

1, 1998.

(d) All county computer systems must be recertified as provided in section 3 of this rule. (*Department of Local Government Finance; 50 IAC 12-11-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3656*)

50 IAC 12-11-2 Initial certification

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. (a) A computer system subject to certification under section 1 must initially be tested and certified under this section. The computer system will be tested by the tax board on a stand-alone PC or a larger system, if no PC version is available. A vendor or data processing department shall schedule a testing date with the tax board at least thirty (30) days prior to submitting its computer system and assessment software for test. The test shall include, but will not be limited to, the following:

(1) Entry into the system of property record card data and land values for a set of parcels and personal property records provided by the tax board.

(2) Importation of property record card data and land values for a set of parcels and personal property records provided by the tax board.

(3) Use of the set of parcels entered and imported for demonstration to the tax board or its representatives of all features of the system. This demonstration must include printing reports (including property record cards) and importing and exporting data.

(4) Demonstration of the use of all user documentation and on-line help facilities.

(b) At least thirty (30) days prior to the test, each vendor shall also do the following:

(1) Submit for review all technical documentation. All documentation that includes proprietary information or trade secrets must be so identified on its cover.

(2) Submit for review a copy of the contract the vendor intends to offer to counties.

(3) Submit audited financial statements for the most recent three (3) years.

(4) Submit for review a copy of the proposed maintenance agreement.

(c) At least thirty (30) days prior to the test, each data processing department that has developed a unique assessment application shall submit for review all technical documentation. All documents that include proprietary information or trade secrets must be so identified.

(d) The tax board shall finish the test and notify the vendor or data processing department of the results within thirty (30) days of the submission date. If the software fails the test, the tax board will inform the vendor or data processing department in writing of the reason(s) for the failure. Upon notice of failure, the vendor or data processing department may make the required correction(s) and resubmit for certification, following this [*sic., the*] schedule in subsections (a) through (c).

(e) Upon successful completion of testing under subsection (a), the computer system will then be tested by county officials on the county's computer system. A vendor or data processing department shall notify the county at least thirty (30) days prior to submitting its assessment software for test. The county shall finish the test using the test plan approved by the tax board and notify the vendor or data processing department of the results within thirty (30) days of the submission date. If the software fails the test, the county officials will inform the vendor or data processing department and the tax board in writing of the reason(s) for the failure. The vendor or data processing department may then make the required correction(s) and resubmit for certification following the schedule in subsection [*sic., subsections*] (a) through (d).

(f) Upon successful completion of testing under subsection (e), the county officials shall notify the tax board in writing that the software, service, or hardware meets the certification requirements to their satisfaction on their computer system. The tax board shall then declare the computer system as certified for the county unit where it was tested. (*Department of Local Government Finance; 50 IAC 12-11-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3657*)

50 IAC 12-11-3 Changes in certified systems; recertification

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 3. (a) After initial certification, all computer systems must be recertified within the twenty-four (24) month period prior

to each general reassessment. The county must submit the computer system for recertification at least twelve (12) months prior to a general reassessment. If any major change is made to a certified system at any other time, the system shall be considered a new system subject to the same certification requirements of section 2 of this rule. As used in this section, "major change" shall have the same meaning given in 50 IAC 12-10-1.

(b) If any other change is made to a certified system, the vendor must submit revised copies of documentation and other materials to the escrow agent and to the tax board.

(c) The tax board shall determine in writing whether a specific change constitutes a major change. (*Department of Local Government Finance; 50 IAC 12-11-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3657*)

Rule 12. Contract Provisions

50 IAC 12-12-1 Vendors

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. (a) This section applies to all vendors.

(b) A contract between a vendor and a county must include the following provisions:

(1) An agreement to submit disputes regarding these standards [*this article*] to the designated authority for resolution as provided under this article.

(2) An agreement that all disputes not covered under subdivision (1) shall be resolved under the laws of Indiana.

(3) A guarantee or warranty by the vendor that the product covered by the contract meets the provisions of this article, and an agreement that any subsequently discovered failure to meet the provisions of this article will be corrected at vendor expense.

(4) An agreement that all of the contract provisions shall be binding on all parties to the contract and their successors or assigns.

(5) An agreement that unless the computer system is certified or recertified, and the total system is accepted and confirmed by the county assessor, the contract is void.

(6) An agreement that the contract is void if certification is denied, decertified, or revoked.

(7) An agreement that the vendor will make any product or service change that may be required as a consequence of a change in any law, rule or state board policy statement relating to the computer system, provided the vendor is compensated equitably, based on common industry rates, as are reasonably agreed to by the parties.

(c) The county must consider including in the contract between the vendor and the county a requirement that the vendor provide surety and performance bonds in amounts determined sufficient by the county. (*Department of Local Government Finance; 50 IAC 12-12-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3658*)

50 IAC 12-12-2 Assessment software vendors

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. (a) This section applies to all assessment software vendors.

(b) A contract between an assessment software vendor and a county must include the following provisions:

(1) An agreement that the vendor will provide a software maintenance agreement that meets the standards prescribed in this article.

(2) An agreement that the vendor will provide assistance to the county as may be required to modify the computer assessment software system to comply with changes in state law, tax board rules, tax board policy statements, or to this article, within the time period prescribed by the law, rule, or tax board.

(3) An agreement that the vendor will reimburse the county for all costs incurred as a result of the vendor's failure to continue to support the assessment software during the life of the maintenance agreement.

(4) An agreement that the contract and the escrow agreement both provide for the vendor's documentation and source code to be released by the escrow agent to the county when the tax board, an arbitrator, or a court rules that the vendor has ceased

to provide continued support and that the vendor is incapable of resuming support.
(*Department of Local Government Finance; 50 IAC 12-12-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3658*)

Rule 13. System Maintenance

50 IAC 12-13-1 System maintenance

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. Assessment software vendors must offer a maintenance contract for the ongoing maintenance services of the assessment software system that includes:

- (1) telephone support;
- (2) problem diagnostic support from vendor personnel, by any necessary combination of remote and on-site services;
- (3) system modification initiated by the vendor; and
- (4) services to correct defects in software that is provided at vendor's expense.

All other support shall be provided on terms included in the maintenance contract or other contract between the vendor and the county. No vendor may require a county to accept vendor initiated changes unless those changes are included in the cost of a maintenance contract. (*Department of Local Government Finance; 50 IAC 12-13-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3658*)

Rule 14. Dispute Resolution

50 IAC 12-14-1 Disputes

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. (a) This section applies to all vendors. Disputes between vendors and counties concerning whether the assessment software meets these standards [*this article*], shall be resolved by the tax board in accordance to this rule. Disputes concerning other contractual matters shall be resolved through arbitration. Nothing in these standards [*this article*] shall be construed as limiting the rights of disputing parties to pursue action in the courts of the state after the procedures of this rule have been exhausted.

(b) A party to a dispute shall file with the tax board a written petition for conflict resolution. This petition shall include the following:

- (1) A statement that the petitioner is a party to a contract with a vendor for assessment software subject to the provisions of this article.
- (2) The identity of the vendor and the assessment software system about which the complaint is filed.
- (3) An allegation that the software system fails to meet requirements of this article, stating specifically the ways in which the system is alleged to violate specified provisions.
- (4) Written proof that a copy of the petition has been delivered to the vendor whose system is the subject of the dispute.

(c) Within fifteen (15) days of receipt of a copy of the petition, the opposing party must file with the tax board a response to each item specified in the complaint.

(d) On the earlier of receipt of a response or fifteen (15) days following the filing of the petition, the tax board shall initiate an investigation into the complaint. This investigation may be conducted by the tax board, its staff, or designated agent. The person conducting the investigation shall prepare findings of fact and submit those to the tax board.

(e) The parties shall make available to the investigation their personnel, user documentation, technical documentation, and any other materials or information sources required by the tax board or its agent.

(f) On receipt of findings of fact, the tax board shall review the petition and hold a hearing on the petition. All parties to the complaint shall be entitled representation at the hearing. The tax board may, in its discretion, find for the vendor or petitioner, or continue the investigation.

(g) If the tax board finds that the software system fails to meet the requirements of this article, it may:

- (1) decertify the system and forbid any new contracts, contract renewals, or contract extensions;
- (2) impose specific conditions on continued certification of the computer system; and

(3) require specific changes and new certification tests.

(Department of Local Government Finance; 50 IAC 12-14-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3659)

Rule 15. Parcel Numbering

50 IAC 12-15-1 Parcel numbering

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 32-1-1-8; IC 36

Sec. 1. (a) After December 31, 2002, a county shall maintain a parcel index numbering system in accordance with subsections (b) and (c).

(b) The county parcel index numbering system shall be keyed to the geographic location of each parcel on a county section map that:

(1) was established using United States public land surveys referenced in IC 32-1-1-8; and

(2) is otherwise based on the applicable Indiana coordinate systems referenced in IC 32-1-1.

(c) The parcel index numbering system shall be structured as "00-00-00-000-000.000-000". The digits indicated shall reference the following:

(1) The first "00" digits shall reference the county;

(2) The second "00" digits shall reference the congressional township and range;

(3) The third "00" digits shall reference the section number assigned under the United States public lands survey;

(4) The fourth "000" digits shall reference block numbers in urban areas (if no block number is necessary they remain all zeros);

(5) The fifth "000.000" digits shall reference the permanent parcel number assigned to identify each parcel; and

(6) The last "000" digits shall reference the taxing district in which the parcel is located (if it is only a two (2) digit number the first digit is to remain a zero (0)).

(Department of Local Government Finance; 50 IAC 12-15-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3659)

Rule 16. Import and Export File Layouts; Appendix I

50 IAC 12-16-1 File 1; real estate parcel file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 1. This file contains one (1) record per parcel.

Field Description	Type	Length	Decimals
Parcel Location			
1 County Number (01 - 92)	C	2	
1 County Number (01 - 92)	C	2	
2 Parcel Number	C	25	
3 Township Number (Tax Board Assigned)	C	4	
4 District Number (Tax Board Assigned)	C	3	
5 Corporation ID (Tax Board Assigned)	C	4	
6 Section and plat	C	7	
7 Routing Number (map number)	C	16	
8 Subdivision or neighborhood identifier (if available)	C	8	
9 Property class code (code list 1)	C	3	
10 Property address (Street Address or location) description if no street address exists)	C	40	

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11	Property address city	C	30	
12	Property address state	C	2	
13	Property address zip code (xxxxx-xxxx)	C	10	
14	Number of Cards	N	3	
Current Ownership				
15	Owner name, line 1	C	40	
16	Owner name, line 2	C	40	
17	Owner street address or PO Box (mailing address)	C	40	
18	Owner address city	C	30	
19	Owner address state	C	2	
20	Owner address zip code (xxxxx-xxxx)	C	10	
Site Characteristics				
21	Level (Y/N)	C	1	
22	High (Y/N)	C	1	
23	Low (Y/N)	C	1	
24	Rolling (Y/N)	C	1	
25	Swampy (Y/N/P)	C	1	
26	Water (Y/N)	C	1	
27	Sewer (Y/N)	C	1	
28	Gas (Y/N)	C	1	
29	Electricity (Y/N)	C	1	
30	All utilities (Y/N)	C	1	
31	Street or road code (code list 2)	C	1	
32	Sidewalk (Y/N)	C	1	
33	Alley (Y/N)	C	1	
34	Neighborhood code (code list 3)	C	1	
Summary of Current Values				
35	Parcel acreage	N	10	4
36	Total square feet	N	10	2
37	Net assessed parcel value	N	12	0
38	Legal drain acreage	N	8	4
39	Public road acreage	N	8	4
40	Utilities towers acreage	N	6	3
41	Homesite acreage	N	7	4
42	True tax value of farmland	N	12	0
43	True tax value	N	12	0
44	Measured acreage	N	12	4
45	Total acres farmland	N	12	4
46	Average true tax value/acre	N	6	0
47	Classified land total value	N	6	0
48	Homesite(s) value	N	10	0
49	Data source code (code list 4)	C	1	
50	Data collector	C	15	
51	Data collection date (mm/dd/yyyy)	C	10	
52	Appraiser	C	15	
53	Appraisal date	C	10	
54	Assessment year	C	4	
55	'01'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3659)

50 IAC 12-16-2 File 2; valuation file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 2. The valuation file contains one (1) record per parcel for each year, beginning the later of the year before the most recent reassessment or the first year for which machine-readable data exist.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Assessment year	C	4	
4 Reason for change code (code list 5)	C	2	
True Tax Value			
5 Land	N	12	0
6 Improvements	N	12	0
7 Total land and improvements	N	12	0
Assessed Value			
8 Land	N	12	0
9 Improvements	N	12	0
10 Total land and improvements	N	12	0
Net Assessed Value			
11 Total land and improvements	N	12	0
12 '02'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-2; filed May 28, 1998, 4:50 p.m.: 21 IR 3660)

50 IAC 12-16-3 File 3; land data and computations file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 3. The land data and computations file contains one (1) record for each row in the land data and computations section of the property record card.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Land type code (code list 6)	C	2	
4 Actual frontage	N	9	1
5 Effective frontage	N	8	0
6 Effective depth	N	8	0
7 Depth factor	N	5	2
8 Base rate	N	7	0
9 Adjusted rate	N	7	0
10 Extended value	N	11	0
11 Influence factor code 1 (code list 7)	C	1	
12 Influence factor direction (+/-) 1	C	1	
13 Influence factor percentage 1	N	3	0
14 Influence factor description (other) 1	C	10	
15 Influence factor code 2	C	1	
16 Influence factor direction (+/-) 2	C	1	
17 Influence factor percentage 2	N	3	0
18 Influence factor code 3	C	1	
19 Influence factor direction (+/-) 3	C	1	
20 Influence factor percentage 3	N	3	0
21 Acreage	N	10	4

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22 Square feet	N	10	2
23 Soil ID	C	5	
24 Soil productivity factor	N	4	2
25 True Tax Value	N	12	0
26 Land Order Page Number	N	4	0
27 Land Order Line Number	N	3	0
28 '03'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-3; filed May 28, 1998, 4:50 p.m.: 21 IR 3660)

50 IAC 12-16-4 File 4; memorandum file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 4. The memorandum file contains one (1) record for each line of memorandum entered for each parcel. Systems that provide longer memo fields should break them into lines that fit this structure.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Memo ID (any identifier unique to the memo)	C	4	
4 Line number within memo	N	3	0
5 Memo text	C	65	
6 '04'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-4; filed May 28, 1998, 4:50 p.m.: 21 IR 3661)

50 IAC 12-16-5 File 5; ownership transfer file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 5. This file contains one (1) record for each transfer of ownership.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Transfer to date (mm/dd/yyyy)	C	10	
4 Owner name, line 1	C	40	
5 Owner name, line 2	C	40	
6 Owner street address or PO Box (mailing address)	C	40	
7 Owner address city	C	30	
8 Owner address state	C	2	
9 Owner address zip code (xxxxx-xxxx)	C	10	
10 '05'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-5; filed May 28, 1998, 4:50 p.m.: 21 IR 3661)

50 IAC 12-16-6 File 6; legal description file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 6. The legal description file contains one (1) record for each line of legal description.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	

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3 Line number	N	3
4 Legal description line	C	80
5 '06'	C	2

(Department of Local Government Finance; 50 IAC 12-16-6; filed May 28, 1998, 4:50 p.m.: 21 IR 3661)

50 IAC 12-16-7 File 7; dwelling file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 7. The dwelling file contains one (1) record for each assessed dwelling.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Dwelling number (unique dwelling identifier within parcel) or row-type unit number	C	4	
4 Addition type (code list 51)	C	1	
5 Occupancy code (code list 8)	C	1	
6 Number of row-type units	C	1	
7 Identical row-type units (Y/N)	C	1	
8 Individually owned row type units (Y/N)	C	1	
9 Story configuration code (code list 9)	C	1	
10 Story height	C	5	
11 Attic code (code list 10)	C	1	
12 Basement code (code list 11)	C	1	
13 Crawl space code (code list 12)	C	1	
14 Predominant roofing material code (code list 13)	C	1	
15 Other roofing material 1	C	1	
16 Other roofing material 2	C	1	
17 Other roofing material 3	C	1	
18 Number of finished rooms	N	2	0
19 Total bedrooms	N	2	0
20 Number of family rooms	N	1	0
21 Number of dining rooms	N	1	0
22 Commercial rooms (description)	C	25	
23 Number of commercial rooms	N	1	0
24 Basement recreation room code (code list 14)	C	1	
25 Basement recreation room area	N	5	0
26 Number of masonry fireplace stacks	N	2	0
27 Number of masonry fireplace openings	N	2	0
28 Number of steel fireplace stacks	N	2	0
29 Number of steel fireplace openings	N	2	0
Heating and cooling system data. Use only if house has the same heating system for the entire house. Otherwise, leave blank and use the residential construction type file for heating data.			
30 Heating system code (code list 15)	C	1	
31 Central air conditioning (Y/N)	C	1	
Plumbing Section			
32 Number of full baths	N	2	0
33 Number of full bath fixtures	N	2	0
34 Number of half baths	N	2	0

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35 Number of half bath fixtures	N	2	0
36 Number of kitchen sinks	N	1	0
37 Number of kitchen sink fixtures	N	2	0
38 Number of water heaters	N	1	0
39 Number of water heater fixtures	N	1	0
40 Number of extra fixtures	N	2	0
41 Specialty plumbing fixture code 1 (code list 16)	C	3	
42 Specialty plumbing fixture code 2	C	3	
43 Specialty plumbing fixture code 3	C	3	
44 Specialty plumbing fixture code 4	C	3	
Reproduction Cost Computations			
45 Total base price	N	10	0
46 Row type adjustment	N	4	2
47 Subtotal (base price and row type adj)	N	10	0
48 Unfinished interior area (square feet)	N	5	0
49 Unfinished interior value adjustment	N	10	0
50 Number of extra living units - designed	N	2	0
51 Number of extra living units - converted	N	2	0
52 Extra living units value adjustment	N	10	0
53 Rec room value adjustment	N	5	0
54 Fireplace value adjustment	N	5	0
55 No heating value adjustment	N	6	0
56 Air conditioning value adjustment	N	6	0
57 No electricity value adjustment	N	6	0
58 Total plumbing fixtures (0 = no plumbing)	N	2	0
59 Net plumbing fixtures	N	2	0
60 Plumbing fixture value adjustment (negative if no plumbing)	N	5	0
61 Specialty plumbing value adjustment	N	5	0
62 Subtotal, one unit	N	10	0
63 Subtotal all units	N	12	0
64 Attic base area	N	5	0
65 Attic finished living area	N	5	0
66 Attic value adjustment	N	6	0
67 Loft base area	N	5	0
68 Loft finished living area	N	5	0
69 Loft value adjustment	N	6	0
70 Basement base area	N	5	0
71 Basement finished living area	N	5	0
72 Basement value adjustment	N	6	0
73 Crawl space base area	N	5	0
74 Integral garage car capacity	N	1	0
75 Crawl space value adjustment	N	6	0
76 Integral garage square feet	N	5	0
77 Integral garage value adjustment	N	6	0
78 Brick attached garage square feet	N	5	0
79 Frame attached garage square feet	N	5	0
80 Attached garage value adjustment	N	6	0
81 Integral roof extension type attached carport square feet	N	5	0
82 Basement garage car capacity	N	1	0
83 Shed type attached carport square feet	N	5	0

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84 Attached carport value adjustment	N	6	0
85 Basement garage square feet	N	5	0
86 Basement garage value adjustment	N	6	0
87 Exterior features value adjustment	N	10	0
88 Subtotal reproduction cost	N	12	0
89 Grade and design factor (code list 17)	C	4	
90 Reproduction cost	N	12	0
Remodeling and Modernization			
91 Exterior remodeling amount	N	10	0
92 Exterior remodeling date (mm/dd/yyyy)	C	10	
93 Interior remodeling amount	N	10	0
94 Interior remodeling amount (mm/dd/yyyy)	C	10	
95 Kitchen remodeling amount	N	10	0
96 Kitchen remodeling date	C	10	
97 Bath facilities remodeling amount	N	10	0
98 Bath facilities remodeling date	C	10	
99 Plumbing system remodeling amount	N	10	0
100 Plumbing system remodeling date	C	10	
101 Heating system remodeling amount	N	10	0
102 Heating system remodeling date	C	10	
103 Electrical system remodeling amount	N	10	0
104 Electrical system remodeling date	C	10	
105 Extension 1 amount	N	10	0
106 Extension 1 date	C	10	
107 Extension 2 amount	N	10	0
108 Extension 2 date	C	10	
109 Extension 3 amount	N	10	0
110 Extension 3 date	C	10	
111 Dwelling true tax improvement value	N	12	0
112 '07'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-7; filed May 28, 1998, 4:50 p.m.: 21 IR 3661)

50 IAC 12-16-8 File 8; residential floor file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 8. This file contains one (1) record for each floor of each residence.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Dwelling number	C	4	
4 Floor (B, A, or floor number)	C	4	
5 Construction type code (code list 18)	C	3	
6 Base area	N	5	0
7 Finished living area	N	5	0
8 Value	N	10	0
9 Predominant floor code (code list 19)	C	1	
10 Secondary floor code 1	C	1	
11 Secondary floor code 2	C	1	
12 Secondary floor code 3	C	1	
13 Square foot area of electricity	N	5	0
14 Interior finish code 1 (code list 20)	C	1	
15 Number of rooms, interior finish 1	N	2	0

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16 Interior finish code 2	C	1	
17 Number of rooms, interior finish 2	N	2	0
18 Interior finish code 3	C	1	
19 Number of rooms, interior finish 3	N	2	0
20 Interior finish code 4	C	1	
21 Number of rooms, interior finish 4	N	2	0

Heating and cooling system data to be used only if house has more than one (1) heating system or only part of the house is air conditioned.

22 Heating system code 1 (code list 15)	C	1	
23 Area, heating system 1	N	5	0
24 Heating system code 2	C	1	
25 Area, heating system 2	N	5	0
26 Area air conditioned	N	5	0
27 '08'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-8; filed May 28, 1998, 4:50 p.m.: 21 IR 3662)

50 IAC 12-16-9 File 9; summary of improvements file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5
 Affected: IC 6-1.1; IC 36

Sec. 9. This file contains one (1) record for each row in the summary of improvements section of the property record card for all classes of property.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number (or tax identification number for personal property mobile homes)	C	25	
3 Dwelling or building number (if applicable)	C	4	
4 Identification number	C	3	
5 Use code (code list 21 or 32)	C	8	
6 Story height or height	N	6	2
7 Diameter or width	N	6	2
8 Length	N	8	2
9 Capacity	N	8	0
10 Construction type code (code list 18)	C	3	
11 Grade (code list 17)	C	4	
12 Year constructed	C	7	
13 Effective construction year	C	4	
14 Year remodeled	C	7	
15 Condition code (code list 22)	C	2	
16 Neighborhood code (code list 23)	C	2	
17 Base rate	N	9	2
18 Adjusted rate	N	9	2
19 Size	N	8	0
20 Unit of measure code (code list 24)	C	2	
21 Reproduction cost	N	12	0
22 Physical depreciation	N	2	0
23 Obsolescence depreciation	N	2	0
24 True tax value	N	12	0
25 Percentage of completion	N	3	0
26 '09'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-9; filed May 28, 1998, 4:50 p.m.: 21 IR 3662)

50 IAC 12-16-10 File 10; improvement features file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 10. This file contains one (1) record for each feature for any improvement for which a summary of improvements record exists. In the case of loading docks, the length will always carry the dimension of the wall adjoining the building.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number (or tax identification number for personal property mobile homes)	C	25	
3 ID number	C	3	
4 Feature code (code list 25)	C	4	
5 Construction type code (code list 18)	C	4	
6 Story height or height	N	6	2
7 Diameter or width	N	6	2
8 Length	N	8	2
9 Capacity (volume)	N	8	2
10 Effective perimeter	N	8	0
11 Perimeter area ratio	N	2	0
12 Feature size	N	8	0
13 Unit of measure code (code list 24)	C	2	
14 Type of adjustment code (code list 26)	C	2	
15 Amount of adjustment	N	10	2
16 '10'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-10; filed May 28, 1998, 4:50 p.m.: 21 IR 3663)

50 IAC 12-16-11 File 11; exterior features file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 11. This file contains one (1) record for each exterior feature attached to a dwelling or building.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Dwelling or building number	C	4	
4 Exterior feature code (code list 27)	C	11	
5 Area	N	8	0
6 Value	N	5	0
7 '11'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-11; filed May 28, 1998, 4:50 p.m.: 21 IR 3663)

50 IAC 12-16-12 File 12; commercial and industrial building file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 12. This file contains one (1) record for each floor of each commercial or industrial building or major building section.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Building or section number (Building number plus section letter)	C	4	

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4 Pricing key, predominant use (code list 31)	C	5	
5 Number of floors	N	2	0
6 Total square foot area	N	9	0
7 Number of party walls	N	1	0
8 Square foot rate	N	6	2
9 Subtotal	N	12	0
10 Plumbing value	N	12	0
11 Special features value	N	12	0
12 Exterior features value	N	12	0
13 Total base value	N	12	0
14 Grade factor (code list 17)	C	4	
15 Reproduction cost	N	12	0
Roofing			
16 Roof type code (code list 28)	C	1	
17 Other roofing material description	C	10	
18 Insulation (Y/N)	C	1	
Plumbing for each floor			
19 Number of full baths	N	3	0
20 Number of full bath fixtures	N	4	0
21 Number of half baths	N	3	0
22 Number of half bath fixtures	N	4	0
23 Number of extra fixtures	N	4	0
24 Total number of conventional commercial fixtures	N	4	0
25 Total number of residential fixtures	N	4	0
26 Number of hotel, motel, or apartment fixtures	N	4	0
27 Number of G/F circular 36" wash fountains	N	3	0
28 Number of ES “ ”	N	3	0
29 Number of SS “ ”	N	3	0
30 Number of G/F circular 54" was fountains	N	3	0
31 Number of ES “ ”	N	3	0
32 Number of SS “ ”	N	3	0
33 Number of G/F semicircular 36" wash fountains	N	3	0
34 Number of ES “ ”	N	3	0
35 Number of SS “ ”	N	3	0
36 Number of G/F semicircular 54" wash fountains	N	3	0
37 Number of ES “ ”	N	3	0
38 Number of SS “ ”	N	3	0
39 Number of 4' G/F industrial gang sinks	N	2	0
40 Number of 4' ES industrial gang sinks	N	2	0
41 Number of 4' SS “ ”	N	2	0
42 Number of 8' G/F industrial gang sinks	N	2	0
43 Number of 8' ES industrial gang sinks	N	2	0
44 Number of 8' SS “ ”	N	2	0
45 Number of ES circular, 5 per column showers	N	2	0
46 Number of SS circular, 5 per column showers	N	2	0

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47 Number of ES semicircular, 3 per column showers	N	2	0
48 Number of SS semicircular, 3 per column showers	N	2	0
49 Number of ES corner, 2 per column showers	N	2	0
50 Number of SS corner, 2 per column showers	N	2	0
51 Number ES circular 5 per multi-stall showers	N	2	0
52 Number SS circular 5 per multiple stall showers	N	2	0
53 Number ES semicircular 3 per multiple stall showers	N	2	0
54 Number SS semicircular 3 per multiple stall showers	N	2	0
55 Number ES corner 2 per multiple stall showers	N	2	0
56 Number SS corner 2 per multiple stall showers	N	2	0
57 Number of gang shower heads	N	3	0
58 Number of drinking fountains	N	3	0
59 Number of refrigerated water coolers	N	3	0
60 Number of water coolers with hot and cold water	N	3	0
61 Number emergency showers or eye washes	N	3	0
62 '12'	C	2	
63 Alternate method flag	C	1	0
64 Floor number	N	3	0

If field 63 contains the character "@", there will be a record for each floor.

(Department of Local Government Finance; 50 IAC 12-16-12; filed May 28, 1998, 4:50 p.m.: 21 IR 3663)

50 IAC 12-16-13 File 13; commercial and industrial floor file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 13. This file contains one (1) record for each floor of each building or major building section.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Building number plus section number	C	4	
4 Floor number	C	3	
5 Square feet area	N	9	0
6 Effective perimeter	N	8	0
7 Perimeter area ratio	N	2	0
8 Wall height or ceiling height	N	2	0
9 Wall type 1 (code list 29)	C	1	
10 Linear feet wall type 1	N	5	0
11 Wall type 2	C	1	
12 Linear feet wall type 2	N	5	0
13 Wall type 3	C	1	
14 Linear feet wall type 3	N	5	0
15 Framing type 1 (code list 30)	C	1	

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16 Square feet area, framing type 1	N	9	0
17 Framing type 2 (code list 30)	C	1	
18 Square feet area, framing type 2	N	9	0
19 Framing type 3 (code list 30)	C	1	
20 Square feet area, framing type 3	N	9	0
21 Framing type 4 (code list 30)	C	1	
22 Square feet area, framing type 4	N	9	0
23 '13'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-13; filed May 28, 1998, 4:50 p.m.: 21 IR 3664)

50 IAC 12-16-14 File 14; commercial industrial use type file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 14. This file contains one (1) record for each use type on a particular floor in a building or major building section.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Building number plus section letter	C	4	
4 Floor number	C	3	
5 Pricing key (code list 31)	C	5	
6 Use code (code list 32)	C	8	
7 Square foot area	N	6	0
8 Number of units (apartments, condominiums, motels or hotels)	N	3	0
9 Average unit size (square feet for apartments, condominiums, motels, or hotels. Depth for strip retail.	N	6	0
10 Individually owned (Y/N) (apartments or condominiums)	C		
11 Unit size of individually owned unit (apartments or condominiums)	N	6	0
12 Configuration code (motels or hotels) (code list 33)	C	3	
13 Number of kitchens (motels or hotels)	N	3	0
14 Finish type code (code list 34)	C	2	
15 Dock height	N	3	0
16 Perimeter	N	8	0
17 Perimeter area ratio	N	2	0
18 Wall type 1 (code list 29)	C	1	
GC ADJUSTMENTS			
16 Lighting (Y/N)	C	1	
17 Lighting adjustment	N	4	2
18 Sprinkler group code (code list 35)	C	1	
19 Sprinkled square foot area	N	6	0
20 Square foot area heated (0 if no heating)	N	6	0
21 Square foot area air conditioned (0 if no air conditioning)	N	6	0
BASE (MODEL) INTERIOR FINISH ADJUSTMENTS			
22 Wall finish square foot area	C	1	
23 Floor finish square foot area	C	1	
24 Ceiling finish square foot area	C	1	
25 Partitioning (Y/N)	C	1	

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26 Roof deck parking adjustment (Y/N)	C	1	
27 Balcony area (square feet)	N	6	0
28 Number racquetball courts	N	2	0
29 Number squash courts	N	2	0
30 Elevated floor construction adjustment (Y/N)	C	1	
31 Roofing and framing adjustmen (Y/N)	C	1	
GCK Adjustment factors (Y/N)			
32 Exterior sheathing	C	1	
33 Insulation	C	1	
34 Steel girts and purlins	C	1	
35 Aluminum siding and roofing	C	1	
36 Interior liner	C	1	
37 Heavy gauge siding and roofing	C	1	
38 Plastic panel siding	C	1	
39 Sandwiched paneling	C	1	
40 Steel post and beam construction	C	1	
41 Rigid steel frame construction	C	1	
42 Low profile adjustment	C	1	
43 Base interior finish	C	1	
44 '14'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-14; filed May 28, 1998, 4:50 p.m.: 21 IR 3664)

50 IAC 12-16-15 File 15; unit cost adjustment file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 15. This file contains one (1) record for each wall, floor, or ceiling finish or partitioning unit cost adjustment from Schedule C for each use type for each building or major building section.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Building number plus section letter	C	4	
4 Floor number	C	3	
5 Pricing key	C	8	
6 Use code (code list 32)	C	8	
7 Adjustment code (code list 36)	C	3	
8 Square feet area of finish	N	7	0
9 '15'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-15; filed May 28, 1998, 4:50 p.m.: 21 IR 3665)

50 IAC 12-16-16 File 16; deduction and credit file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 16. This file contains one (1) record for each exemption, deduction, or credit for each parcel or personal property record for each year.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number (or tax identification number)	C	25	
3 Federal tax number	C	12	

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4 Deduction or credit code (code list 37)	C	2	
5 Deduction amount	N	8	0
6 Credit amount	N	11	2
7 Exemption amount	N	12	0
8 Starting year	C	4	
9 Number of years of credit or deduction	N	2	0
10 Assessment year	C	4	
11 '16'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-16; filed May 28, 1998, 4:50 p.m.: 21 IR 3665)

50 IAC 12-16-17 File 17; personal property file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 17. This file contains one (1) record for each personal property tax filing.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Tax identification number	C	25	
3 Federal tax number	C	12	
4 Taxpayer type code (code list 38)	C	1	
5 Taxpayer name, line 1	C	40	
6 Taxpayer name, line 2	C	40	
7 Taxpayer street address	C	40	
8 City	C	30	
9 State	C	2	
10 Zip code (xxxxx-xxxx)	C	10	
11 True tax value of vehicles	N	10	0
12 True tax value of boats and boat equipment	N	10	0
13 True tax value of farm implements and equipment	N	10	0
14 True tax value of livestock, poultry, and fur-bearing animals	N	10	0
15 True tax value of grain, seeds, and forage crops	N	10	0
16 True tax value of inventories from Form 103, Schedule B	N	10	0
17 True tax value of business depreciable personal property	N	10	0
18 True tax value of inventories of public utility companies	N	10	0
19 True tax value of fixed depreciable personal property of public utility companies	N	10	0
20 Assessment year	C	4	
21 Principle [<i>sic.</i> , <i>Principal</i>] business activity code	C	4	
22 '17'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-17; filed May 28, 1998, 4:50 p.m.: 21 IR 3665)

50 IAC 12-16-18 File 18; land valuation order file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 18. This file contains one (1) record for each entry on a county land valuation order.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Page number	C	4	
3 Line number	C	3	
4 Township number (tax board assigned)	C	4	
5 District number (tax board assigned)	C	3	
6 Land type code (code list 39)	C	2	
7 Area name	C	80	
8 Geographic area or boundaries	C	240	
9 Platted or unplatted (P/U)	C	1	
10 Average lot width	N	6	2
11 Average lot depth	N	6	2
12 Average lot acreage	N	7	3
13 Standard depth table	C	3	
14 Pricing method code (code list 40)	C	1	
15 Base rate primary-low	N	9	2
16 Base rate primary-high	N	9	2
17 Base rate secondary-low	N	9	2
18 Base rate secondary-high	N	9	2
19 Base rate usable undeveloped-low	N	9	2
20 Base rate usable undeveloped-high	N	9	2
21 Base rate unusable undeveloped-low	N	9	2
22 Base rate unusable undeveloped-high	N	9	2
23 Base rate excellent homesite-low	N	7	0
24 Base rate excellent homesite-high	N	7	0
25 Base rate very good homesite-low	N	7	0
26 Base rate very good homesite-high	N	7	0
27 Base rate good homesite-low	N	7	0
28 Base rate good homesite-high	N	7	0
29 Base rate average homesite-low	N	7	0
30 Base rate average homesite-high	N	7	0
31 Base rate fair homesite-low	N	7	0
32 Base rate fair homesite-high	N	7	0
33 Base rate poor homesite-low	N	7	0
34 Base rate poor homesite-high	N	7	0
35 Base rate very poor homesite-low	N	7	0
36 Base rate very poor homesite-high	N	7	0
37 Base rate excess acres-low	N	7	0
38 Base rate excess acres-high	N	7	0
39 Value range of geographic area-low	N	8	0
40 Value range of geographic area-high	N	8	0
41 Water depreciated dollar amount	N	5	0
42 Sewage depreciated dollar amount	N	5	0
43 CLVC comments and directions	C	240	
44 '18'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-18; filed May 28, 1998, 4:50 p.m.: 21 IR 3666)

50 IAC 12-16-19 File 19; oil and gas well assessment file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5
 Affected: IC 6-1.1; IC 36

Sec. 19. This file contains one (1) record for each filing a “Property Schedule for Oil and Gas Well Assessment,” State Form 9931/G, and O Form 1 and any successor forms.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Filer name line 1	C	40	
4 Filer name line 2	C	40	
5 Filer street address	C	40	
6 Filer city	C	30	
7 Filer state	C	2	
8 Filer zip (xxxxx-xxxx)	C	10	
9 Lease	C	20	
10 Owner or operator? (W/P)	C	1	
11 Township	C	2	
12 Range	C	2	
13 Section	C	2	
14 Acreage	N	10	4
15 Barrels of oil or MCM gas in storage	N	10	2
16 Average daily production (Bbls or MCM)	N	10	2
17 Number of producing wells	N	4	0
18 Secondary recovery methods? (Y/N)	C	1	
19 Net working interest	N	9	6
20 ‘19’	C	2	

(Department of Local Government Finance; 50 IAC 12-16-19; filed May 28, 1998, 4:50 p.m.: 21 IR 3666)

50 IAC 12-16-20 File 20; oil and gas well owner file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5
 Affected: IC 6-1.1; IC 36

Sec. 20. This file contains one (1) record for each owner filed on a “Property Schedule for Oil and Gas Well Assessment”.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Owner name line 1	C	40	
4 Owner name line 2	C	40	
5 Owner street address	C	40	
6 Owner city	C	30	
7 Owner state	C	2	
8 Owner zip code (xxxxx-xxxx)	C	10	
9 Owner type	C	2	
10 Owner’s fractional interest	N	8	5
11 ‘20’	C	2	

(Department of Local Government Finance; 50 IAC 12-16-20; filed May 28, 1998, 4:50 p.m.: 21 IR 3666)

50 IAC 12-16-21 File 21; personal property mobile home file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5
 Affected: IC 6-1.1; IC 36

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Sec. 21. This file contains one (1) record for each mobile home assessed on January 15.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Tax identification number	C	25	
3 Township number	C	4	
4 District number	C	4	
5 Owner name	C	40	
6 Property address street	C	40	
7 Property address city	C	30	
8 Property address state	C	2	
9 Property address zip code (xxxxx-xxxx)	C	10	
10 Mailing address street	C	40	
11 Mailing address city	C	30	
12 Mailing address state	C	2	
13 Mailing address zip code (xxxxx-xxxx)	C	10	
14 Owner phone number	C	12	
15 Mobile home year	C	4	
16 Mobile home make	C	25	
17 Mobile home mfg. size	C	5	
18 Mobile home serial number	C	25	
19 Other	C	40	
20 Mobile home size	C	5	
21 Mobile home value	N	6	0
22 Foundation type code (code list 41)	C	1	
23 Foundation value adjustment	N	4	0
24 Heating/air conditioning code (code list 42)	C	1	
25 Heating/air condition value adjustment	N	4	0
26 Plumbing fixtures	C	2	
27 Plumbing value adjustment	N	4	0
28 Room addition code (code list 43)	C	2	
29 Room addition size	C	4	
30 Room addition value adjustment	N	4	0
31 Mobile home grade (code list 17)	C	4	
32 Condition (code list 44)	C	2	
33 Reproduction cost	N	6	0
34 Mobile home park name	C	40	
35 Mobile home park parcel number	C	25	
35 Mobile home park lot number	C	6	
36 Mobile home assessable length (in feet)	N	3	
37 Mobile home assessable width (in feet)	N	3	
38 '21'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-21; filed May 28, 1998, 4:50 p.m.: 21 IR 3667)

50 IAC 12-16-22 File 22; valuation file—mobile homes; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 22. The valuation file contains one (1) record for each mobile home assessed on January 15 for each year.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Tax identification number	C	25	
3 Assessment year	C	4	

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4 Mobile home reproduction cost	N	6	0
5 Mobile home depreciation	N	2	0
6 True tax value	N	6	0
7 Total supplemental improvements	N	6	0
8 Total true tax value	N	6	0
9 Assessed value	N	6	0
10 '22'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-22; filed May 28, 1998, 4:50 p.m.: 21 IR 3667)

50 IAC 12-16-23 File 23; appeals tracking file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 23. This file contains one (1) record for each appeal for each parcel.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Reason for change (appeal form number)	C	3	
4 Grounds for appeal code (code list 45) (if more than one (1), string together, separating by commas)	C	20	
5 Prior value	N	12	0
6 New value	N	12	0
7 Date of adjustment	C	10	
8 Petitioner's name	C	35	
9 Petitioner's street address	C	40	
10 Petitioner's city	C	30	
11 Petitioner's state	C	2	
12 Petitioner's zip (xxxxx-xxxx)	C	10	
13 Date appeal was filed	C	10	
14 Appeal number	C	25	
15 Date the board of review mailed the determination to the taxpayer	C	10	
16 '23'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-23; filed May 28, 1998, 4:50 p.m.: 21 IR 3667)

50 IAC 12-16-24 File 24; commercial industrial special use file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 24. This file contains one (1) record for each special use commercial property (fast food restaurants and service stations).

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Building number plus section letter	C	4	
4 Use code (code list 32)	C	8	
5 Square foot area	N	6	0
6 Grade (code list 17)	C	4	
7 Basement type 1 (code list 46)	C	2	
8 Square feet, basement type 1 (code list 34)	N	6	0
9 Basement type (code list 46)	C	2	
10 Square feet, basement type 2 (code list 34)	N	6	0
11 Basement type 3 (code list 46)	C	2	

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12 Square feet, basement type 3 (code list 34)	N	6	0
13 Attached canopy construction type (code list 18)	C	3	
14 Attached canopy square feet	N	6	0
15 Detached canopy quality type (code list 47)	C	2	
16 Detached canopy construction type (code list 18)	C	3	
17 Detached canopy square feet	N	6	0
18 Round canopy (Y/N)	C	1	
19 Rest room square feet	N	4	0
20 Cashier booth quality type (code list 47)	C	2	
21 Cashier booth square feet	N	4	0
22 Number of plumbing fixtures	N	2	0
23 Bullet proof glass (Y/N)	C	1	
24 Intercom system (Y/N)	C	1	
25 Reproduction cost	N	6	0
26 '24'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-24; filed May 28, 1998, 4:50 p.m.: 21 IR 3667)

50 IAC 12-16-25 File 25; commercial industrial drive-in theater file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5
 Affected: IC 6-1.1; IC 36

Sec. 25. This file contains one (1) record for each drive-in theater.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Identification number	C	2	
4 Use code (code list 32)	C	8	
5 Number of car spaces	N	4	0
6 Engineering grade (code list 17)	C	1	
7 Grading grade (code list 17)	C	1	
8 Paving grade (code list 17)	C	1	
9 Screens grade (code list 17)	C	1	
10 Miscellaneous grade, for example, landscaping (code list 17)	C	1	
11 Cost per space	N	3	0
Unit Costs			
12 Screen type (code list 48)	C	1	
13 Screen construction type (code list 49)	C	1	
14 Screen quality (code list 50)	C	1	
15 Screen square foot area	N	4	0
16 Number of low quality ticket booths	N	2	0
17 Number of average quality ticket booths	N	2	0
18 Number of good quality ticket booths	N	2	0
19 Reproduction cost	N	12	0
20 '25'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-25; filed May 28, 1998, 4:50 p.m.: 21 IR 3668)

50 IAC 12-16-26 File 26; commercial industrial mobile home park file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5
 Affected: IC 6-1.1; IC 36

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Sec. 26. This file contains one (1) record for each parcel number for each mobile home park.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Identification number	C	2	
4 Use code (code list 32)	C	8	
5 Number of sites	N	5	0

If certain components are not included, grade should be blank and cost per site should be zero (0).

6 Engineering grade (code list 17)	C	1	
7 Engineering cost per site	N	3	0
8 Site grading grade (code list 17)	C	1	
9 Site grading cost per site	N	3	0
10 Street paving grade (code list 17)	C	1	
11 Street paving cost per site	N	3	0
12 Patios and walks grade (code list 17)	C	1	
13 Patios and walks cost per site	N	3	0
14 Sewers grade (code list 17)	C	1	
15 Sewers cost per site	N	3	0
16 Water grade (code list 17)	C	1	
17 Water cost per site	N	3	0
18 Electric grade (code list 17)	C	1	
19 Electric cost per site	N	3	0
20 Gas grade (code list 17)	C	1	
21 Gas cost per site	N	3	0
22 Miscellaneous grade, for example, landscaping or recreation (code list 17)	C	1	
23 Miscellaneous cost per site	N	3	0
24 Total cost per site	N	4	0
25 Reproduction cost	N	12	0
26 Mobile home park name	C	40	
27 '26'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-26; filed May 28, 1998, 4:50 p.m.: 21 IR 3668)

50 IAC 12-16-27 File 27; commercial industrial conveying systems file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 27. This file contains one (1) record for each conveying system.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Dwelling or building number	C	4	
4 Identification number	C	3	
5 Use code (code list 25)	C	8	
6 Feet per minute (FPM)	N	4	0
7 Capacity	N	8	0
8 Length	N	8	2
9 Diameter or width	N	6	2
10 Number of stops	N	3	0
11 Gradient	N	2	0
12 Rise in feet	N	2	0
13 Power doors	C	1	

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14 Express floors	C	1	
15 Attended	C	1	
16 Manual controls	C	1	
17 Number of rear door manual stops	N	3	0
18 Number of rear door power stops	N	3	0
19 '27'	C	2	

(Department of Local Government Finance; 50 IAC 12-16-27; filed May 28, 1998, 4:50 p.m.: 21 IR 3668)

50 IAC 12-16-28 File 28; sales disclosure form file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 28. This file contains one (1) record for each sales disclosure form.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Township number (tax board assigned)	C	4	
4 School corporation number (tax board assigned)	C	4	
5 Property class code (code list 1)	C	3	
6 Exempt transaction (Y/N)	C	1	
7 Exempt number (code list 54)	C	2	
8 Assessed value-land	N	15	0
9 Assessed value-improvements	N	15	0
10 Assessed value-total	N	15	0
11 Date of sale (mm/dd/yyyy)	C	10	
12 Total sales price	N	15	0
13 Seller paid points	N	12	0
14 Net sales price (item 12 minus item 13)	N	15	0
15 Transfer of entire parcel (Y/N)	C	1	
16 Exchange for other real property ("Trade") (Y/N)	C	1	
17 Significant physical changes to property between March 1 and date of sale (Y/N)	C	1	
18 Type of deed (code list 53)	C	2	
19 Existence of a family or business relationship between buyer and seller (Y/N)	C	1	
20 Condominium sale (Y/N)	C	1	
21 Purchase of adjoining land (Y/N)	C	1	
22 Mobile home (Y/N)	C	1	
23 Seller-provided financing (Y/N)	C	1	
24 Personal property included in transfer (Y/N)	C	1	
25 Vacant land (Y/N)	C	1	
26 Contract (Y/N)	C	1	
27 Splits (Y/N)	C	1	
28 Name of buyer	C	35	
29 Street address of buyer	C	40	
30 City of buyer	C	30	
31 State of buyer	C	2	
32 Zip code of buyer	C	10	

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33 Telephone number of buyer or representative	C	12
34 Name of seller	C	35
35 Street address of seller	C	40
36 City of seller	C	30
37 State of seller	C	2
38 Zip code of seller	C	10
39 Telephone number of seller or representative	C	12
40 Street address of property transferred	C	40
41 City of property transferred	C	30
42 State of property transferred	C	2
43 Zip code of property transferred	C	10
44 '28'	C	2

(Department of Local Government Finance; 50 IAC 12-16-28; filed May 28, 1998, 4:50 p.m.: 21 IR 3669)

50 IAC 12-16-29 File 29; sketch file; record layout

Authority: IC 6-1.1-31; IC 6-1.1-31.5

Affected: IC 6-1.1; IC 36

Sec. 29. The sketch file contains one (1) record for each polygon within each sketch.

Field Description	Type	Length	Decimals
1 County number	C	2	
2 Parcel number	C	25	
3 Use code (code list 21 or 32)	C	8	
4 Property card number	N	3	0
5 Polygon sequence number	N	3	0
6 Polygon label	C	50	0
7 Polygon area (in square feet)	N	8	0
8 Polygon label x-coordinate (relative to the starting point)	N	5	0
9 Polygon label y-coordinate (relative to the starting point)	N	5	0
10 Polygon fill type code (code list 54)	N	1	0
11 Polygon starting x-coordinate (signed + or -)	N	5	0
12 Polygon starting y-coordinate (signed + or -)	N	5	0

One hundred (100) lines are set aside per polygon. Angle ranges from 1° to 360°, 90° is straight up, 180° is straight left, 270° is straight down, and 360° is straight right, and 0° indicates the end of a line. Length ranges from zero (0) feet to nine hundred ninety-nine (999) feet. If any length in any one (1) direction exceeds nine hundred ninety-nine (999) feet, that information will be represented by multiple sets of angle/length coordinates retaining the same angle. For example, one thousand five hundred (1,500) feet right may be represented by 360° and eight hundred (800) feet, 360° and seven hundred (700) feet.

13 Line absolute angle (in degrees) (occurs one hundred (100) times)	N	5	1
14 Line absolute length (in feet) (occurs one hundred (100) times)	N	5	1
15 Line type code (code list 55)	C	1	
For curved walls			
16 Curve height at the center of the curve above/below the chord which defines the curve (in feet) (occurs one hundred (100) times)	N	5	1

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CODE LIST 1

PROPERTY CLASS		
410	COMMERCIAL MOTELS OR TOURIST CABINS	522 RESIDENTIAL TWO FAMILY DWELLING ON UNPLATTED LAND OF 10 -19.99 ACRES
411	COMMERCIAL HOTELS	523 RESIDENTIAL TWO FAMILY DWELLING ON UNPLATTED LAND OF 20 -29.99 ACRES
412	COMMERCIAL NURSING HOMES & HOSPITALS	524 RESIDENTIAL TWO FAMILY DWELLING ON UNPLATTED LAND OF 30 -39.99 ACRES
415	COMMERCIAL MOBILE HOME PARKS	525 RESIDENTIAL TWO FAMILY DWELLING ON UNPLATTED LAND OF 40 OR MORE ACRES
416	COMMERCIAL CAMP GROUNDS	530 RESIDENTIAL THREE FAMILY DWELLING ON A PLATTED LOT
419	COMMERCIAL OTHER HOUSING	531 RESIDENTIAL THREE FAMILY DWELLING ON UNPLATTED LAND OF 0 - 9.99 ACRES
420	COMMERCIAL SMALL RETAIL	532 RESIDENTIAL THREE FAMILY DWELLING ON UNPLATTED LAND OF 10 -19.99 ACRES
421	COMMERCIAL SUPERMARKETS	533 RESIDENTIAL THREE FAMILY DWELLING ON UNPLATTED LAND OF 20 -29.99 ACRES
422	COMMERCIAL DISCOUNT & JUNIOR DEPARTMENT STORES	534 RESIDENTIAL THREE FAMILY DWELLING ON UNPLATTED LAND OF 30 -39.99 ACRES
424	COMMERCIAL FULL LINE DEPARTMENT STORES	535 RESIDENTIAL THREE FAMILY DWELLING ON UNPLATTED LAND OF 40 OR MORE ACRES
425	COMMERCIAL NEIGHBORHOOD SHOPPING CENTER	540 RESIDENTIAL MOBILE/MANUFACTURED HOME ON A PLATTED LOT
426	COMMERCIAL COMMUNITY SHOPPING CENTER	541 RESIDENTIAL MOBILE/MANUFACTURED HOME ON UNPLATTED LAND OF 0 - 9.99 ACRES
427	COMMERCIAL REGIONAL SHOPPING CENTER	542 RESIDENTIAL MOBILE/MANUFACTURED HOME ON UNPLATTED LAND OF 10 - 19.99 ACRES
429	COMMERCIAL OTHER RETAIL STRUCTURES	543 RESIDENTIAL MOBILE/MANUFACTURED HOME ON UNPLATTED LAND OF 20 - 29.99 ACRES
430	COMMERCIAL RESTAURANT, CAFE, OR BAR	544 RESIDENTIAL MOBILE/MANUFACTURED HOME ON UNPLATTED LAND OF 30 - 39.99 ACRES
435	COMMERCIAL DRIVE-IN RESTAURANT	545 RESIDENTIAL MOBILE/MANUFACTURED HOME ON UNPLATTED LAND OF 40 OR MORE ACRES
439	COMMERCIAL OTHER FOOD SERVICE	550 RESIDENTIAL CONDOMINIUM UNIT ON A PLATTED LOT
440	COMMERCIAL DRY CLEAN PLANT OR LAUNDRY	551 RESIDENTIAL CONDOMINIUM UNIT ON UNPLATTED LAND OF 0 - 9.99 ACRES
441	COMMERCIAL FUNERAL HOME	552 RESIDENTIAL CONDOMINIUM UNIT ON UNPLATTED LAND OF 10 - 19.99 ACRES
442	COMMERCIAL MEDICAL CLINIC OR OFFICES	553 RESIDENTIAL CONDOMINIUM UNIT ON UNPLATTED LAND OF 20 - 29.99 ACRES
444	COMMERCIAL FULL SERVICE BANKS	554 RESIDENTIAL CONDOMINIUM UNIT ON UNPLATTED LAND OF 30 - 39.99 ACRES
445	COMMERCIAL SAVINGS AND LOANS	555 RESIDENTIAL CONDOMINIUM UNIT ON UNPLATTED LAND OF 40 OR MORE ACRES
447	COMMERCIAL OFFICE BUILDING 1 OR 2 STORY	599 RESIDENTIAL OTHER STRUCTURES
448	COMMERCIAL OFFICE O/T 47 WALK-UP	700 EXEMPT PROPERTY
449	COMMERCIAL OFFICE O/T 47 ELEVATOR	701 NON-ASSESSABLE
452	COMMERCIAL AUTO SERVICE STATION	750 UTILITIES-LOCALLY ASSESSED
453	COMMERCIAL CAR WASHES	751 UTILITIES-STATE ASSESSED

FILE 1 - REAL ESTATE PARCEL FILE

CODE LIST 2

STREET OR ROAD	
A	PAVED
B	UNPAVED
C	PROPOSED

CODE LIST 4

DATA SOURCE	
O	OWNER
T	TENANT
E	ESTIMATED
N	NOT ENTERED

CODE LIST 3

NEIGHBORHOOD	
A	IMPROVING
B	STATIC
C	DECLINING
D	BLIGHTED

FILE 2 - VALUATION FILE

CODE LIST 5

REASON FOR CHANGE CODES	
1	SPLIT
2	COMBINATION

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3	RECLASSIFICATION OF USE
4	BOARD OR REVIEW DETERMINATION (FORM 130)
5	ERROR CORRECTION (FORM 133)
6	TAX BOARD DETERMINATION (FORM 131)
7	TAX COURT DETERMINATION
8	REVALUATION DUE TO FORM 134
9	GENERAL REVALUATION
10	GENERAL REVALUATION - INCOMPLETE STRUCTURE
11	NEW CONSTRUCTION - INCOMPLETE STRUCTURE
12	NEW CONSTRUCTION - COMPLETE STRUCTURE
13	ADDITION TO EXISTING STRUCTURE
14	DESTROYED STRUCTURE
15	OMITTED OR UNDERVALUED PROPERTY
16	MINERAL CHANGES
17	MISCELLANEOUS

FILE 3 - LAND DATA AND COMPUTATIONS FILE

CODE LIST 6

LAND TYPES	
F	FRONT LOT
R	REAR LOT
1	COMMERCIAL / INDUSTRIAL LAND
11	PRIMARY
12	SECONDARY
13	UNDEVELOPED USABLE
14	UNDEVELOPED UNUSABLE
2	CLASSIFIED LAND
21	CLASSIFIED FOREST
22	WILDLIFE HABITAT
23	RIPARIAN LAND
24	WINDBREAK
25	FILTER STRIP
3	UNDEVELOPED LAND
4	TILLABLE LAND
41	FLOODED OCCASIONALLY
42	FLOODED SEVERELY
43	FARMED WETLANDS

CODE LIST 7

INFLUENCE FACTORS	
1	TOPOGRAPHY
2	UNDER IMPROVED
3	EXCESS FRONTAGE
4	SHAPE OR SIZE
5	MISIMPROVEMENT
6	RESTRICTIONS
0	OTHER

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5	NONTILLABLE LAND
6	WOODLAND
7	OTHER FARMLAND
71	FARM BUILDINGS
72	FARM POND
73	WETLANDS
8	AGRICULTURAL SUPPORT LAND
81	LEGAL DITCH
82	PUBLIC ROAD
83	UTILITY TOWERS
9	HOMESITE
91	RESIDENTIAL EXCESS ACREAGE
GC	GOLF COURSE LAND

FILE 7 - DWELLING FILE

CODE LIST 8

OCCUPANCY	
1	SINGLE FAMILY
2	DUPLEX
3	TRIPLEX
4	4-6 FAMILY
5	MOBILE HOME
6	ROW-TYPE

CODE LIST 9

STORY CONFIGURATION	
1	ENTER STORY HEIGHT
2	BI-LEVEL
3	TRI-LEVEL

CODE LIST 10

ATTIC	
0	NONE
1	UNFINISHED
2	1/2 FINISHED
3	3/4 FINISHED
4	FINISHED

CODE LIST 11

BASEMENT	
0	NONE

CODE LIST 13

ROOFING	
1	ASPHALT SHINGLES
2	SLATE OR TILE
3	OTHER
4	METAL

CODE LIST 14

BASEMENT REC ROOM	
1	FLOORING, CEILING FINISH
2	FLOORING, CEILING, INTERIOR WALL FINISH
3	FLOORING, CEILING, INTERIOR WALL FINISH, PARTITIONING
4	FLOORING, CEILING, INTERIOR WALL FINISH PARTITIONING, BUILT-INS

CODE LIST 15

HEATING	
1	CENTRAL WARM AIR
2	HOT WATER OR STEAM
3	HEAT PUMP
4	OTHER
5	NO HEAT GRAVITY
6	NO HEAT WALL
7	NO HEAT SPACE
8	GEOHERMAL OR SOLAR HEATING

CODE LIST 16

SPECIALITY PLUMBING FIXTURES	
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1	1/4
2	1/2
3	3/4
4	FULL

CODE LIST 12

CRAWL	
0	NONE
1	1/4
2	1/2
3	3/4
4	FULL

J	JET TUB
ST	BATHTUB WITH STEAM CONVERSION
SA1	SAUNA 2 PERSON CAPACITY
SA2	SAUNA 4 PERSON CAPACITY
SA3	SAUNA 6 PERSON CAPACITY
SA4	SAUNA 8 PERSON CAPACITY
SA5	SAUNA 10 PERSON CAPACITY
SB1	STEAM BATH 2 PERSON CAPACITY
SB2	STEAM BATH 4 PERSON CAPACITY
SB3	STEAM BATH 6 PERSON CAPACITY
SB4	STEAM BATH 8 PERSON CAPACITY
SB5	STEAM BATH 10 PERSON CAPACITY
WH1	WHIRLPOOL 2 PERSON CAPACITY
WH2	WHIRLPOOL 4 PERSON CAPACITY
WH3	WHIRLPOOL 6 PERSON CAPACITY
WH4	WHIRLPOOL 8 PERSON CAPACITY
WH5	WHIRLPOOL 10 PERSON CAPACITY
HT	HOT TUB

- FILE 7 - DWELLING FILE
- FILE 9 - SUMMARY OF IMPROVEMENTS FILE
- FILE 13 - COMMERCIAL INDUSTRIAL BUILDING FILE
- FILE 21 - PERSONAL PROPERTY MOBILE HOME FILE
- FILE 24 - COMMERCIAL INDUSTRIAL SPECIAL USE FILE
- FILE 25 - COMMERCIAL INDUSTRIAL DRIVE-IN THEATER FILE
- FILE 26 - COMMERCIAL INDUSTRIAL MOBILE HOME PARK FILE

CODE LIST 17 - QUALITY GRADE AND DESIGN FACTORS

CODES FOR GRADE FACTORS ARE AS SHOWN IN SCHEDULE F OF 50 IAC 2.2.
 ALL IMPROVEMENTS SHOULD BE FACTORED IN ACCORDANCE WITH SCHEDULE F, EXCEPT AS FOLLOWS:

THE FOLLOWING COMMERCIAL USES FROM SCHEDULE G (YARD IMPROVEMENTS) NEED A GRADE TO DETERMINE BASE WHICH PRICE TO CHOOSE FROM THE SCHEDULE BUT ARE NOT FACTORED ACCORDING TO SCHEDULE F:

DRIVEIN	DRIVE IN THEATERS	A
		B
		C
		D
GOLFCRSE	GOLF COURSES	AA
		A
		B
		C

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D

MHPARK	MOBILE HOME PARKS	A
		B
		C
		D
		E

FOR THE FOLLOWING USES, USE GRADE TO IDENTIFY THE QUALITY OF INSTALLATION, NOT AS A FACTOR:

MINGOLF	MINIATURE GOLF COURSES	A	EXCELLENT INSTALLATION
		B	GOOD INSTALLATION
DRRANGE	DRIVING RANGES	C	AVERAGE INSTALLATION
		D	LOW COST INSTALLATION

THE FOLLOWING AGRICULTURAL USES FROM SCHEDULE G.2 (FARM BUILDINGS) NEED A GRADE TO DETERMINE WHICH BASE PRICE TO CHOOSE FROM THE SCHEDULE BUT ARE NOT FACTORED ACCORDING TO SCHEDULE F:

MILKH	MILK HOUSE	B
MILKP	MILK PARLOR	C
		D

PERSONAL PROPERTY MOBILE HOME GRADES

B	CUSTOM (120%)
C	GOOD (100%)
C-2	ECONOMY (90%)

FILE 8 - RESIDENTIAL FLOOR FILE

FILE 9 - SUMMARY OF IMPROVEMENTS FILE

FILE 24 - COMMERCIAL INDUSTRIAL SPECIAL USE FILE

CODE LIST 18

CONSTRUCTION TYPE							
1	WOOD FRAME	5	METAL	6	CONCRETE	8	STONE
1A	LIGHT CONSTRUCTION	5A	METAL - SINGLE WALL	6A	LIGHT CONSTRUCTION	81	MACADAM
1B	MEDIUM CONSTRUCTION	5B	METAL - DOUBLE WALL	6B	HEAVY CONSTRUCTION	82	CRUSHED STONE
1C	HEAVY CONSTRUCTION	5C	METAL - TRIPLE WALL	6C	4" CONCRETE	83	CLAY
10	ALUMINUM		STEEL	6D	6" CONCRETE	84	SOD
11	WOOD SLAT	51A	PREFAB STEEL	6E	8" CONCRETE	85	ASPHALT
12	WELD WIRE	51B	GUNTED STEEL	61	SANDBASE PLASTIC	85A	HEAVY DUTY ASPHALT
13	PLANK	51C	7 GAUGE GALVANIZED		LINER (POOL)	85B	RUBBERIZED ASPHALT

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14	BASK WEAVE		STEEL	62	REINFORCED CONCRETE	86	EARTH
15	REDWOOD	51D	8 GAUGE GALVANIZED	63	CONCRETE STAVE	87	CINDER
16	OREOSOTED WOOD		STEEL	64	CONCRETE BARRIERS	88A	RESILIENT MATERIAL
17	FIBERGLASS	51	9 GAUGE GALVANIZED	7	BRICK		COLORED
2	STUCCO		STEEL	71A	8" COMMON BRICK	88C	ARTIFICIAL RESILIENT
3	TILE	51F	10 GAUGE GALVANIZED	71B	12" COMMON BRICK		MATERIAL
4	CONCRETE BLOCK		STEEL	72A	4" FACE BRICK	89	INSULATION MATERIAL
41A	4" CONCRETE BLOCK	51G	GLASS LINED STEEL	72B	8" FACE BRICK	89A	CORK BOARD
41B	6" CONCRETE BLOCK	51H	BOLTED STEEL	72C	12" FACE BRICK	89B	STYRENE
41C	8" CONCRETE BLOCK	51I	WELDED STEEL			89C	FIBERGLASS BOARD
42A	6X6 SOLAR SCREENING	51J	¼" STEEL PLATE			89D	FOAM GLASS BOARD
	BLOCK	51K	⅝" STEEL PLATE			89E	MINERAL WOOL BATTS
42B	8X8 SOLAR SCREENING	51L	½" STEEL PLATE			89F	URETHANE
	BLOCK	51	PORCELAIN STEEL			9	FRAME W/MASONRY
42C	12X12 SOLAR SCREENING	51N	FIREPROOF STEEL			91A	1/6 MASONRY
	BLOCK	52	STEEL TUBULAR FRAME			92	2/6 MASONRY
			GLASS (GREENHOUSE)			93	3/6 MASONRY
		53	CORRUGATED METAL			94	4/6 MASONRY
		54	METAL GUARD RAIL			95	5/6 MASONRY
		55A	40# RAILS				
		55B	60# RAILS				
		55C	80# RAILS				
		55D	100# RAILS				
		55E	115# RAILS				
		55F	130# RAILS				
		56	PIPE				

FILE 8 - RESIDENTIAL FLOOR FILE

CODE LIST 19

FLOORS	
1	EARTH
2	SLAB
3	SUB & JOISTS
4	OTHER
5	WOOD
6	PARQUET
7	TILE
8	CARPET
9	UNFINISHED

CODE LIST 20

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INTERIOR FINISH	
1	PLASTER OR DRY WALL
2	PANELING
3	FIBERBOARD
4	NO ELECTRICITY
5	UNFINISHED

FILE 9 - SUMMARY OF IMPROVEMENTS FILE

CODE LIST 21A

RESIDENTIAL / AGRICULTURAL USES			
ABOVE GROUND POOL CIRCULAR	POOLAGC	POOL ENCLOSURE TYPE 1 (UNFINISHED)	POOLENC1
ABOVE GROUND POOL OVAL / RECTANGULAR	POOLAGO	POOL ENCLOSURE TYPE 2 (SEMI-FINISHED)	POOLENC2
ADDITIONS	ADDN	POOL ENCLOSURE TYPE 3 (FINISHED)	POOLENC3
BATH HOUSE	BATHHSE		
BOAT HOUSE	BOATHSE	POTATO STORAGE	POTATO
BUNKER SILO	BSILO	POULTRY CONFINEMENT	POULTRY
BUTLER LOW MOISTURE SILAGE SILO	BLMSILO	POULTRY HOUSE	POULTRYM
		QUONSET BUILDING	QUONSET
CAR SHED OPEN	CARSHEDO	SILO	SILO
CAR SHED ENCLOSED	CARSHEDA	SLURRY TANK ABOVE GROUND	SLTAG
CORN CRIB FREE STANDING	CRIBFS	SLURRY TANK ROUND	SLTRND
CORN CRIB DRIVE THROUGH		CRIBOT	SLURRY TANK RECTANGULAR
CONCRETE APRON	CONCAPRN	SOLAR HEAT	SOLAR
DETACHED GARAGE	DETGAR	STABLE	STABLE
DWELLING	DWELL	STEEL GRAIN BIN	GRBIN
FEED LOT CANOPY	FLCNPY	SWIMMING POOL	POOL
FEED LOT CONCRETE FLAT WORK	FLCONC	TENNIS COURT	TENNIS
		TOBACCO BARN	TOBACCO
GAZEBO	GAZEBO	TRENCH SILO	TSILO
GEO THERMAL HEAT	GEO	TURKEY BARNS	TURKEY
GRANARY	GRANARY	TYPE 1 DAIRY BARN	T1
GREENHOUSE - FREE STANDING	GRNHSEFS	TYPE 2 BANK OR FLAT BARN	T2
GREENHOUSE - ATTACHED 1 END	GRNHSEAE	TYPE 3 POLE BARN ALL WALLS	T3AW
GREENHOUSE - LEAN-TO	GRNHSELT	TYPE 3 ONE SIDE OPEN	T31SO
HOG CONFINEMENT	HOG	TYPE 3 NO WALLS	T34SO

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FACILITY		TYPE 3 ALL WALLS INSULATED	T3AWI
LEAN-TO	LEANTO	UTILITY SHED	UTLSHED
MILK HOUSE	MILKH	VEAL CONFINEMENT	VEAL
MILKING PARLOR	MLKP	FACILITY	
		WIRE CORN CRIB	WCRIB

FILE 9 - SUMMARY OF IMPROVEMENTS FILE
CODE LIST 21 B

COMMERCIAL INDUSTRIAL USES			
ARTIFICIAL TURF	TURF	HORIZONTAL GRAIN STORAGE	HGRAIN
BLEACHERS	BLEACHER	INCINERATOR	INCINER
BRICK OR CONCRETE STACK	STACK	OIL TANK	OILTANK
BULKHEAD PILING	BULKHEAD	OLD TYPE PARKS	OLKSTAD
CAR WASH BUILDING - GOOD	CARWASHG	MASONRY WALLS	WALLS
CAR WASH BUILDING - AVERAGE	CARWASHA	MINIATURE GOLF	MINGOLF
CAR WASH BUILDING - LOW COST	CARWASHL	MODERN TYPE PARKS	MOOSTAD
CAR WASH RESTROOM FIXTURES	RESTROOM	MOBILE HOME PARK	MHPARK
CAR WASH - DO IT YOURSELF GOOD	CARSELFG	MOORING CLUSTER, 3 PILES	MOOR3
CAR WASH - DO IT YOURSELF AVERAGE	CARSELFA	MOORING CLUSTER, 5 PILES	MOOR5
CAR WASH - DO IT YOURSELF LOW COST	CARSELFL	PADDLE TENNIS COURTS - DELUXE	PTENNISD
CELLS, STEEL PILING, ROUND	CELLRND	PADDLE TENNIS COURTS - STANDARD	PTENNIS
CELLS, STEEL PILING, SQ	CELLSQ	PAR 3 COURSE	PAR3GOLF
CHIMNEY	CHIMNEY	PAVING	PAVING
CHIMNEY WITH 2 FLUES	CHIMNEY2	PEDESTRIAN BRIDGE	BRIDGEP
METAL CHIMNEY	METCHIM	PITCH AND PUTT COURSE	PTCHPUTT
COMM CANOPY - LOW COST	COMCNPYL	SWIMMING POOL	POOL
COMM CANOPY - AVERAGE	COMCNPYA	MUNICIPAL SWIMMING POOL	MUNPOOL
COMM CANOPY - GOOD	COMCNPYG	RAILROAD SIDING	RAILROAD
COMM CANOPY - HIGH COST	COMCNPYH	REST ROOM	RESTRM
COMMERCIAL GREENHOUSE	CGRNHSE	RETAINING WALL - STEEL BIN TYPE	SBWALL
CONCRETE APRON	CONCAPRN	RESEVOIR [sic.] - SURFACE	RESEVOIR
CONCRETE RETAINING WALL - LEVEL BACKFILL	CONCRWLB	RUNNING TRACK	TRACK
CONCRETE RETAINING WALL - SLOPING SURCHARGE	CONCRWSS	SELF-SVC CASHIER BOOTH LOW	SSCBL
CONCRETE RETAINING WALL - REINFORCED	RCONCRW	SELF-SVC CASHIER BOOT AVERAGE	SSCBAV
CONCRETE CRIBBING - OPEN	CONCOPEN	SELF-SVC CASHIER BOOTH GOOD	SSCBGD
CONCRETE CRIBBING - CLOSED	CONCCLSD	SHUFFLE BOARD COURTS	SHBOARD

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CONCRETE WATER TANK	CONCTANK	SMALL BOAT MARINA	SLIP
DECK	DECK	STANDS OVER DRESSING ROOM	STANDS
DRIVE IN THEATRE	DRIVEIN	STEEL STACK	STLSTACK
DRIVING RANGE	DRRANGE	STEEL TANKS AND	
DRY STORAGE BIN - CYLINDRICAL TYPE	BINCYL	CORRUGATED METAL BINS	BIN
DRY STORAGE BIN- HOPPER TYPE	BINHOP	TENNIS COURTS - DELUXE	TENNISD
EARTH DIKE	DIKE	TENNIS COURTS - STANDARD	TENNIS
ELEVATED STEEL TANK	ELEV TANK	TOWER	TOWER
ENCLOSED SPORTS STADIUM	ENCLSTAD	TRENCH AND BUNKER SILO	SILO1
ENCLOSED WALKWAY - HIGH COST	SKYWAYHC	TYPE 1 (CONCRETE PANELS	
ENCLOSED WALKWAY - MEDIAN COST	SKYWAYMC	PRECAST WALL SUPPORTS	
ENCLOSED WALKWAY - LOW COST	SKYWAYLC	SEALED, CONCRETE FLOOR)	
EXECUTIVE COURSE	EXECGOLF	TRENCH AND BUNKER SILO	SILO2
FENCING - CHAIN LINK	FENCECL	TYPE 2 (POLES, BRACES, CONC.	
FENCING - WOOD	FENCEW	PANELS, CONC. FLOOR)	
FUEL OIL TANK	FUEL TANK	TRENCH AND BUNKER SILO	SILO3
GOLF COURSE	GOLFCRSE	TYPE 3 (CANT. POLES, PLYWOOD	
GOLF COURSE LAKE	LAKE	OR TONGUE AND GROOVE	
GRAIN ELEVATORS	GRAINEL	WALLS, CONCRETE FLOOR)	
GRAIN ELEVATOR ANNEX	ANNEX	VERT. BULK STORAGE TANK	VSTANK
GUARDRAILS	GUARD	WADING POOL	WADEPOOL
HIGHWAY BRIDGE - HIGH COST	BRIDGEHC	WELD. STEEL PRESS. TANK	PRESTANK
HIGHWAY BRIDGE - MEDIAN COST	BRIDGEMC	WELDED STEEL STANDPIPE	PIPE
HIGHWAY BRIDGE - LOW COST	BRIDGELC	WHIRLPOOL	WHPOOL
HORIZ. BULK STORAGE TANK	HSTANK	WOOD WATER STORAGE	WOODTANK

FILE 9 - SUMMARY OF IMPROVEMENTS FILE

CODE LIST 22

CONDITION	
EX	EXCELLENT
VG	VERY GOOD
G	GOOD
AV	AVERAGE
F	FAIR
P	POOR
VP	VERY POOR
SV	SOUND VALUE
NV	NO VALUE

CODE LIST 24

UNIT OF MEASURE	
AF	ACRE FEET
CF	CUBIC FEET
LF	LINEAR FEET
SF	SQUARE FEET
IN	INCHES
GL	GALLONS
BU	BUSHEL
BL	BARRELS
HP	HORSEPOWER
HR	HOURS

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

CODE LIST 23

NEIGHBORHOOD	
EX	EXCELLENT
VG	VERY GOOD
G	GOOD
AV	AVERAGE
F	FAIR
P	POOR
VP	VERY POOR

LB	POUNDS
PH	POUNDS PER HOUR
IT	ITEM
PC	PERCENT
BY	BAYS
CT	COURTS
HO	HOLES
P	PEOPLE
PA	PASSENGERS
S	SETS
SE	SEATS
SI	SITES
SP	SPACES
ST	STATIONS

FILE 10 - FEATURES FILE

CODE LIST 25 A

RESIDENTIAL/AGRICULTURAL FEATURES			
A	ASPHALT FLOOR	QFF	LIVING QUARTERS FULL STORY - FRAME
AC	AIR CONDITIONING	QFC	LIVING QUARTERS FULL STORY - CONCRETE BLOCK
BF	BASEMENT FINISH	QFB	LIVING QUARTERS FULL STORY - BRICK
BTB	BACK TO BACK CONFIGURATION	QFU	LIVING QUARTERS FULL STORY UNFINISHED
C	CONCRETE FLOOR	QHF	LIVING QUARTERS HALF STORY - FRAME
CG	COMMERCIAL GAZEBO	QHC	LIVING QUARTERS HALF STORY - CONCRETE BLOCK
CT	CERAMIC TILE	QHB	LIVING QUARTERS HALF STORY - BRICK
D	DIRT FLOOR	QHU	LIVING QUARTERS HALF STORY UNFINISHED
E	ELECTRIC LIGHTS	R	ROOF
NE	NO ELECTRIC LIGHTS	R1	REC ROOM TYPE 1
EH	ELECTRIC HEAT	R2	REC ROOM TYPE 2
EX	EXTENSION	R3	REC ROOM TYPE 3
F	FILTER	R4	REC ROOM TYPE 4
NF	NO FILTER	NR	NO ROOF
FD	FOUNDATION	RI	ROOF INSULATION
FP	FIREPLACE	NRI	NO ROOF INSULATION
FX	EXTRA FIXTURES	S	STALLS
FB	FULL BATH	SAB	SAUNA BATH
GH	GAS HEAT	NS	NO STALLS
H	HEATING	SB	STORAGE BIN

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NH	NO HEATING	SF	SLATTED FLOOR
HB	HALF BATH	SK	SKIRTING
HR	HIGH RISE CONSTRUCTION	1SO	ONE SIDE OPEN
HT	HOT TUB	2SO	TWO SIDES OPEN
I	INSULATION	3SO	THREE SIDES OPEN
NI	NO INSULATION	4SO	FOUR SIDES OPEN
IF	INTERIOR FINISH	SW	STALL WALLS
IS	IRREGULAR SHAPE	SSW	STABLE STALL WALLS
J	BATHTUB JET	SWM	STALL WALLS - MASONRY
L	UNFINISHED LOFT	ST	BATHTUB WITH STEAM CONVERSION
NL	NO LOFT	STB	STEAM BATH
MLK	MILK PARLOR & MILK HOUSE	TO	TIP OUT
MSK	METAL SKIN	TW	TRIPLE WIDE
P	PLUMBING	UL	UNDERWATER LIGHTS
NP	NO PLUMBING	US	UPPER STORY
PC	PLANK COVER	W	WALLS
NC	NO COVER	WB	WOOD BIN
PIT	PITS	WH	WHIRLPOOL
PT	PLASTIC TILE	WO	WATER ONLY
PW	PARTY WALL	NWO	NO WATER
QF	QUALITY FACTOR		

FILE 10 - FEATURES FILE

CODE LIST 25 B

SCHEDULE E USES			
ATRIUMS	ATRIUM	JACUZZI	JACUZZI
AUTO TELLER	AUTOTELL	LOADING DOCKS	LOADDOCK
AUTOMATIC TELLER MACHINE	ATM	MALL CONCOURSE - OPEN	OPENMALL
AUTOMATIC TELLER MACHINE WITH LOBBY	ATMLOG	MALL CONCOURSE - COVERED	CONVMALL
		MALL CONCOURSE - ENCLOSED	ENCMALL1
BANK VAULT - GOOD	BANKVG	FIRST FLOOR	
BANK VAULT - AVERAGE	BANKVA	MALL CONCOURSE - ENCLOSED	ENCLMALL2
BANK VAULT - LOW COST	BANKVL	UPPER FLOOR	
BANK RECORD STOR. GOOD	BANKRSG	MARQUEE - HIGH COST	MARQUEEH
BANK RECORD STOR. AVRG	BANKRSA	MARQUEE - GOOD	MARQUEEG
BANK RECORD STOR. LOW COST	BANKRSL	MARQUEE - AVERAGE	MARQUEEA
BULLET PROOF GLASS	BULLET	MARQUEE - LOW COST	MARQUEEL
FIRE TUBE BOILER	BOILERFT	MEZZANINE	MEZZ
SCOTCH MARINE BOILER	BOILERSM	MOVING WALK	MOVEWALK
WATER TUBE BOILER	BOILERWT	NIGHT DEPOSITORY	NGHTDEP

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COLD STORAGE FACILITIES - DOORS	CSTRGI	PASSENGER ELEVATOR - ELECTRIC PASSENGER OPERATED	PELVELPO
COMMERCIAL CANOPY - LOW COST	COMCNPYL	PASSENGER ELEVATOR - ELECTRIC AUTOMATIC	PELVELAU
COMMERCIAL CANOPY - AVERAGE	COMCNPYA		
COMMERCIAL CANOPY - GOOD	COMCNPYG	PASSENGER ELEVATOR - HYDRAULIC	PELVHYD
COMMERCIAL CANOPY - HIGH COST	COMCNPYH	PENTHOUSE ELEVATORS & STAIRWELLS	PENTELEV
CONCRETE APRON	CONCAPRN	PENTHOUSE - MECHANICAL ROOMS	PENTMECH
DRIVE-IN TELLER BOOTHS	DRINTELL		
DRIVE UP - WALK UP TELLER WINDOW	DUWIND	RECORD STORAGE DOOR	RSDOOR
		SAUNA	SAUNA
ELEVATOR - ELECTRIC RESIDENTIAL TYPE	RESELEV	STEAM BATH	STMBATH
		SIDEWALK ELEVATORS	SWELV
FREIGHT ELEVATOR HYDRAULIC	FELVHYD	SITE PREPARATION	SITEPREP
		SPRINKLER - MANUAL	SPRINKLM
FREIGHT ELEVATOR ELECTRIC	FELVEL	SPRINKLER - AUTOMATIC	SPRINKLA
		STRUCTURAL DOCK	WOODDOCK
ELEVATED GREENS	GREENEL	WOOD FLOOR	
ESCALATOR	ESCLTR	STRUCTURAL DOCK	CONCDOCK
FLAT GREENS	GREENFL	CONCRETE FLOOR	
GOLF COURSE TEES	TEES	TELLERVUES	TELLVUE
GOLF COURSE BUNKERS	BUNKERS	TRUCK WELLS AND RAMPS	TRUCKWL
GOLF COURSE LAKE - ASPH	LAKEA	TRUCK WELLS - WALLS	TWWALL
GOLF COURSE LAKE - PLASTIC SAND	LAKEPS	DEPRESSED TRUCK AREAS - WALLS	DEPTRUCK
INCLINE LIFT	LIFT		
INDUSTRIAL TYPE CANOPY	INDCNPY	VAULT DOOR - RECTANGULAR	VDOORRCT
INTERCOM	INTERCOM	VAULT DOOR CIRCULAR	VDOORCIR
		VISION WINDOW	VIWIND

FILE 10 - FEATURES FILE
CODE LIST 25 C

COMMERCIAL / INDUSTRIAL FEATURES			
A	ASPHALT FLOOR	IR	IRREGULAR SHAPE
AL	ALUMINUM	IT	INSTITUTIONAL GREENHOUSE TYPICAL
AS	AUTOMATIC SPRINKLER	MC	MANUAL CONTROLS
AT	ATTENDED	MD	MANUAL DOORS
BW	BARBED WIRE	MDS	MANUAL DOOR STOPS
CW	CLERESTORY WALLS	MS	MANUAL SPRINKLER
C	CONCRETE FLOOR	MU	METAL UNITS

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CA	CONCRETE APRON	PR	PONTOON FLOATING ROOF
CC	CONICAL COVER	PDS	POWER DOOR STOPS
CF	CONCRETE FOUNDATION	QF	QUALITY FACTOR
CJ	CHIME JOISTS	R	ROOF
CN	CANOPY	RF	ROOF FLASHING
CT	CERAMIC TILE	RMS	REAR MANUAL DOOR STOPS
CY	CYPRESS WOOD	RMS1	REAR MANUAL DOORS - FIRST STOP
D	DIRT FLOOR	RL	REFRACTORY LINING
DH	DECORATIVE HOUSING	RPS	REAR POWER DOOR STOPS
DL	DIVING L	RPS1	REAR POWER DOORS - FIRST STOP
DR	DOUBLE DECK ROOF	SF	SAND FINISH
DSD	DOUBLE SLIDING DOOR	SG	SERVICE GATES
DW	DOUBLE WALL	S1	SITE PREPARATION
E	ELECTRIC LIGHTS	SL	STEEL LADDER
EF	EXPRESS FLOOR	SSD	SINGLE SLIDING DOOR
ES	ELECTRIC LIGHTS AND SOFFITS	ST	STOPS
EX	EXCAVATION	STO	SWITCH AND TURNOUT
F80	80 POUND FACTOR	SW	SINGLE WALL
F100	100 POUND FACTOR	T	STEEL TIES
F125	125 POUND FACTOR	TR	TOP RAIL
F150	150 POUND FACTOR	TRS	TRESTLE - SINGLE TRACK
FB	FOOTBALL FIELD	TRD	TRESTLE - DOUBLE TRACK
FC	FLAT COVER	TW	TRIPLE WALL
FE	FEEDER	TTW	THUR-THE-WALL INSTALL
FX	FIXTURES	UAB	UTILITY BUILDING - AVERAGE BRICK
GB	GUY BAND	UACB	UTILITY BUILDING - AVERAGE CONCRETE BLOCK
GR	GRADIENT	UC	UTILITY BUILDING - CHEAP SHED TYPE
GS	GRAVEL SURFACING	UGB	UTILITY BUILDING - GOOD BRICK
GW	GUY WIRE	UL	UTILITY BUILDING - LOW COST FRAME
H	HEATING	UT	UMBRELLA TOP
HD	HEAVY DUTY OR INDUSTRIAL	W	WALLS
HS	HIGH STRESS FACTOR	WL	WOOD LADDER
IE	INSTITUTIONAL GREENHOUSE ELABORATE		

FILE 10 - IMPROVEMENT FEATURES FILE

CODE LIST 26

TYPE OF ADJUSTMENT	
UC	UNIT COST - ADJUSTMENT TO UNIT COST
BR	BASE RATE - ADJUSTMENT TO BASE RATE

FILE 11 - EXTERIOR FEATURES FILE

CODE LIST 27

EXTERIOR FEATURE LABELS	
CONCP	CONCRETE PATIO
FAP	FLAGSTONE PATIO
BRP	BRICK PATIO
WDP	TREATED PINE PATIO
T	TERRACED (ADD T TO ABOVE CODES)
RFX	ROOF EXTENSION TYPE CANOPY
CNPY	CONVENTIONAL SHED TYPE CANOPY
PORT	PORTICO
MSTP	MASONRY STOOP
OFP	OPEN FRAME PORCH
EFP	ENCLOSED FRAME PORCH
OMP	OPEN MASONRY PORCH
EMP	ENCLOSED MASONRY PORCH
BAY	BAY
WDDK	WOOD DECK
BALC	BALCONY
SOL	SOLARIUM

INDICATE UPPER FLOOR PORCHES AND BAYS BY FOLLOWING THE LABEL WITH "/". FOR EXAMPLE "OFP/" WOULD DESCRIBE A SECOND STORY OPEN FRAME PORCH, EPF/EFP WOULD DESCRIBE A SECOND STORY ENCLOSED FRAME PORCH OVER AN ENCLOSED FRAME PORCH.

FILE 12 - COMMERCIAL INDUSTRIAL BUILDING FILE

CODE LIST 28

ROOF TYPES	
1	BUILT-UP
2	METAL
3	SLATE/TILE
4	SHINGLE
5	OTHER

FILE 13 - COMMERCIAL INDUSTRIAL FLOOR FILE

CODE LIST 29

WALL TYPE

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

1	CONCRETE BLOCK, STUCCO, TILE, WOOD, ALUMINUM, METAL SIDING, OR EQUAL
2	BRICK, STONE, CONCRETE, OR EQUAL
3	GUARD WALL, PARKING GARAGE

CODE LIST 30

FRAME TYPE	
1	WOOD JOIST
2	FIRE RESISTANT
3	REINFORCED CONCRETE
4	FIREPROOF STEEL

FILE 14 - COMMERCIAL INDUSTRIAL USE TYPE FILE

CODE LIST 31

PRICING KEY (USE)		
GCM___	GENERAL COMMERCIAL MERCANTILE	MODEL NUMBERS 1 - 47
GCI___	GENERAL COMMERCIAL INDUSTRIAL	MODEL NUMBERS 1 - 33
GCR___	GENERAL COMMERCIAL RESIDENTIAL	MODEL NUMBERS 1 - 15
GCK___	GENERAL COMMERCIAL KIT	(NO MODEL NUMBERS)

NOTE: ALL USES ARE DEFINED BY THEIR GROUPING FROM SCHEDULE A (GCM, GCI, GCR OR GCK) AND THE APPROPRIATE MODEL NUMBER FROM RULE 11 OF 50 IAC 2.2 (GCK HAS NO MODEL NUMBER).

CODE LIST 32

USE TYPE			
APART	APARTMENT	LUTLSTOR	LIGHT UTILITY STORAGE
AUTOSERV	AUTO SERVICE	LWRHSE	LIGHT WAREHOUSE
AUTOSHOW	AUTO SHOWROOM	LFTMFG	LOFT MANUFACTURING
BANK	BANK	LFTWRHSE	LOFT WAREHOUSE
BOWL	BOWLING ALLEY	MALLSHOP	MALL SHOPS
CARWASH	CAR WASH AUTO	MEDOFF	MEDICAL OFFICE
CLUB	COUNTRY CLUB	MILLMFG	MILL MANUFACTURING
COMGAR	COMMERCIAL GARAGE	MWRHSE	MINI WAREHOUSE
CONVMRKT	CONVENIENCE MARKET	NBHSHP	NEIGHBORHOOD SHOPPING CENTER
DEPTSTOR	DEPARTMENT STORE	MHPARK	MOBILE HOME PARK
DINING	DINING / LOUNGE	NURSHOME	NURSING HOME
DISCOUNT	DISCOUNT STORE	PARKING	PARKING

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

DRIVEIN	DRIVE - IN	PARKGAR	PARKING GARAGE
FASTFOOD	FAST FOOD	PWRPLANT	POWER GENERATING PLANT
FUNEHOME	FUNERAL HOME	REGSHOP	REGIONAL SHOPPING CENTER
GENOFF	GENERAL OFFICE	RESDEV	RESEARCH / DEVELOPMENT
GENRET	GENERAL RETAIL	SERVICE	SERVICE STATION
HANGAR	HANGAR	SMSHOP	SMALL SHOP
HEALTH	HEALTH CLUB	SABSMT	STAND ALONE BASEMENT
HMFG	HEAVY MANUFACTURING	SUPRMRKT	SUPER MARKET
HUTLSTOR	HEAVY UTILITY STORAGE	THEATRE	THEATRE
HOSERV	HOTEL/MOTEL SERVICE	TRCKBUNK	TRUCK TERMINAL BUNK ROOM
HOUNIT	HOTEL/MOTEL UNIT	TRCKWARE	TRUCK TERMINAL WAREHOUSE
ICERINK	ICE RINK	UTLSTOR	UTILITY / STORAGE
INDOFF	INDUSTRIAL OFFICE	VACANT	VACANT OR ABANDONED
LMFG	LIGHT MANUFACTURING		

FILE 14 - COMMERCIAL INDUSTRIAL USE TYPE FILE

CODE LIST 33

MOTEL / HOTEL CONFIGURATION	
ST	STRIP
BB	BACK TO BACK
CH	CENTER HALL

CODE LIST 34

FINISH TYPE	
UF	UNFINISHED
SF	SEMI-FINISHED
FO	FINISHED OPEN
FD	FINISHED DIVIDED

CODE LIST 35

SPRINKLER GROUPS	
	1
	2
	3
	4
	5
	6

FILE 15 - UNIT COST ADJUSTMENTS FILE

CODE LIST 36

WALL FINISH		CEILING FINISH	
W1	PAINT ON MASONRY	C1	ACOUSTICAL TILE, MINERAL FIBER
W2	PLASTER ON MASONRY, PAINTED	C2	ACOUSTICAL TILE, ORGANIC FIBER
W3	DRYWALL, PAINTED	C3	ACOUSTICAL METAL PANEL AND PADS
W4	LATH & PLASTER, PAINTED	C4	DRYWALL, TAPED & PAINTED
W5	HARDBOARD PANELING, PATTERNED	C5	FIBERBOARD PANEL
W6	HARDBOARD PANELING PLAIN	C6	LUMINOUS PANELS
W7	PLYWOOD PANELING, SOFTWOOD	C7	PAINT ONLY, ON UNDER FLOOR/ROOF STRUCTURE
W8	PLYWOOD PANELING, HARDWOOD	C8	PLASTER ON LATH, PAINTED
W9	WOOD PANELING, SOFTWOOD	C9	PLASTER ON MASONRY, PAINTED

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

W10	WOOD PANELING, HARDWOOD	C10	PLYWOOD PANELING, HARDWOOD
W11	TILE OR BLOCK GLAZING	C11	WOOD TONGUE AND GROOVE, SOFTWOOD
W12	CERAMIC OR QUARRY TILE	ADD FOR:	
W13	ENAMELED METAL TILE	CFW	FURRING, WOOD
W14	PLASTIC TILE	CFM	FURRING, METAL
W15	ACOUSTICAL TILE	CST	CEILING STRUCTURE
W16	MARBLE	CI	CEILING INSULATION
ADD FOR:		CS	CEILING SUSPENSION SYSTEM
WC	CANVAS OR CLOTH	PARTITIONING	
WW	CUSTOM GRADE WALLPAPER	FRAMED, 2X4 WOOD STUDS	
WFW	FURRING, WOOD	P1	DRYWALL, PAINTED - 1 SIDE
WFM	FURRING, METAL	P2	DRYWALL PAINTED - 2 SIDES
WV	VINYL WALL COVERING	P3	GYPSUM LATH AND PLASTER, PAINTED - 1 SIDE
WIM	INSULATION FOR MASONRY WALLS	P4	GYPSUM LATH AND PLASTER, PAINTED - 2 SIDES
WIS	INSULATION FOR STUDDED WALLS	P5	METAL LATH AND PLASTER, PAINTED - 1 SIDE
FLOOR FINISH		P6	METAL LATH AND PLASTER, PAINTED - 2 SIDES
F1	SOFTWOOD	P7	PLYWOOD PANELING, SOFTWOOD - 1 SIDE
F2	HARDWOOD	P8	PLYWOOD PANELING, SOFTWOOD - 2 SIDES
F3	MAPLE	P9	PLYWOOD PANELING HARDWOOD - 1 SIDE
F4	PARQUET	P10	PLYWOOD PANELING HARDWOOD - 2 SIDES
ADD FOR:		P11	WOOD PANELING SOFTWOOD - 1 SIDE
FSL	SLEEPERS	P12	WOOD PANELING SOFTWOOD - 2 SIDES
F5	PARQUET AND MASTIC	P13	WOOD PANELING HARDWOOD - 1 SIDE
F6	WOODBLOCK, CREOSOTED	P14	WOOD PANELING HARDWOOD - SIDES
F7	STEEL PLATE TILE, HEAVY DUTY INDUSTRIAL	ADD FOR:	
F8	ASPHALT TILE	PMS	METAL STUDS
F9	VINYL TILE	MASONRY	
F10	CORK AND RUBBER TILE	P15	CONCRETE BLOCK, HOLLOW EXPOSED - 4"
F11	VINYL ASBESTOS TILE	P16	CONCRETE BLOCK, HOLLOW EXPOSED - 6"
F12	SHEET TILE	P17	CONCRETE BLOCK, HOLLOW EXPOSED - 8"
F13	SHEET LINOLEUM	P18	CONCRETE BLOCK, HOLLOW EXPOSED - 12"
F14	CERAMIC AND QUARRY TILE	P19	CONCRETE BLOCK, SOLID - 4"
F15	TERRAZZO	P20	CONCRETE BLOCK, SOLID - 6"
F16	MARBLE	P21	CLAY TILE - 4"
F17	CARPET AND PAD	P22	CLAY TILE - 6"
F18	CARPET, INDOOR OUTDOOR	P23	CLAY TILE - 8"
F19	COMPUTER FLOOR, ELEVATED	P24	GYPSUM BLOCK - 4"
F20	GYM, FLOOR, HARDWOOD, WOOD SUB PLUS SLEEPER	P25	GYPSUM BLOCK - 6"
F21	BRICK, COMMON	P26	GLAZED TILE - 1 FACE - 4"
F22	BRICK, PAVERS IN CONCRETE	P27	GLAZED TILE - 1 FACE - 6"
F23	FLAGSTONE, IN CONCRETE	P28	GLAZED TILE - 1 FACE - 8"
F24	EPOXY	P29	GLAZED TILE - 2 FACE - 4"
F25	EPOXY WITH COLORED CHIPS	P30	GLAZED TILE - 2 FACE - 6"
F26	GRATING, STEEL OR ALUMINUM	P31	GLAZED TILE - 2 FACE - 8"
		P32	GLAZED BLOCK - 1 FACE - 4"

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

P33	GLAZED BLOCK - 1 FACE - 6"
P34	GLAZED BLOCK - 1 FACE - 8"
P35	GLAZED BLOCK - 1 FACE - 12"
P36	GLAZED BLOCK - 2 FACE - 4"
P37	GLAZED BLOCK - 2 FACE - 6"
P38	GLAZED BLOCK - 2 FACE - 8"
P39	FOLDING CURTAIN
P40	MODULAR METAL - SINGLE THICKNESS
P41	MODULAR METAL - 2" INSULATED
P42	MODULAR HARDBOARD
P43	MODULAR SOFTWOOD
P44	MODULAR HARDWOOD
ADD FOR:	
PG	GLAZING
P45	LAMINATED GYPSUM
P46	ASBESTOS CEMENT
P47	WOVEN WIRE
P48	CLEAR GLASS

FILE 16 - DEDUCTION AND CREDIT FILE

CODE LIST 37

DEDUCITONS <i>[sic.]</i> AND CREDITS	
1	MORTGAGE
2	HOMESTEAD CREDIT
3	STANDARD DEDUCTION
4	OVER 65
5	BLIND
6	DISABLED
7	VET TOTAL DISABILITY
8	VET PARTIAL DISABILITY
9	VETERAN WORLD WAR I
10	SPOUSE VETERAN WORLD WAR I
11	REHABILITATED RESIDENTIAL PROPERTY
12	REHABILITATED PROPERTY
13	SOLAR ENERGY SYSTEMS/WIND POWER DEVICES
14	RESOURCE RECOVERY SYSTEMS
15	HYDROELECTRIC POWER OR GEOTHERMAL ENERGY HEATING OR COOLING DEVICE
16	REHABILITATION OR REDEVELOPMENT OF REAL PROPERTY IN ECONOMIC REVITALIZATION AREAS
17	TIF
18	PERSONAL PROPERTY SOLDIERS EXEMPTIONS

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

19	RESOURCE RECOVER/COAL OR OIL SHALE SYSTEM
20	ECONOMIC REVITALIZATION AREA - PERSONAL PROPERTY
21	ENTERPRISE ZONE

FILE 17 - PERSONAL PROPERTY FILE

CODE LIST 38

TAXPAYER TYPE	
I	INDIVIDUAL
B	BUSINESS

FILE 18 - LAND VALUATION ORDER FILE

CODE LIST 39

LAND TYPE	
R	RESIDENTIAL
C	COMMERCIAL
I	INDUSTRIAL
RR	RURAL RESIDENTIAL
AH	AGRICULTURAL HOMESITE

CODE LIST 40

PRICING METHOD	
F	FRONT FOOT
S	SQUARE FOOT
A	ACRE
V	SITE VALUE

FILE 21 - PERSONAL PROPERTY MOBILE HOME FILE

CODE LIST 41

FOUNDATION TYPE	
1	NONE
2	SLAB/PIER
3	SKIRTING
4	FOUNDATION & SKIRTING

CODE LIST 42

HEATING AIR CONDITIONING TYPE	
0	NO HEAT

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

1	CENTRAL HEAT
2	HEAT PUMP
3	CENTRAL AIR CONDITIONING
4	CENTRAL HEAT & AIR

CODE LIST 43

ROOM ADDITION TYPE	
TO	TIP-OUT
RO	ROLL-OUT
PO	PULL-OUT

CODE LIST 44

CONDITION	
EX	EXCELLENT
G	GOOD
AV	AVERAGE
F	FAIR
P	POOR

FILE 23 - APPEALS TRACKING FILE

CODE LIST 45

GROUNDS FOR APPEAL	
1	GRADE
2	AGE
3	CONDITION
4	PHYSICAL DESCRIPTION IMPROVEMENTS
5	OBSOLESCENCE
6	PHYSICAL DESCRIPTION LAND
7	INFLUENCE FACTOR

FILE 24 - COMMERCIAL INDUSTRIAL
SPECIAL USE FILE

CODE LIST 46

FAST FOOD BASEMENT TYPE	
UF	UNFINISHED
FO	FINISHED OPEN
FD	FINISHED DIVIDED

CODE LIST 47

SPECIAL USE QUALITY CODES	
LC	LOW COST
AV	AVERAGE
GD	GOOD
HC	HIGH COST

FILE 25 - COMMERCIAL INDUSTRIAL DRIVE IN THEATER FILE

CODE LIST 48

P	PLAIN
O	ORNATE

CODE LIST 49

SCREEN CONSTRUCTION	
1	WOOD FRAME ON POLES
2	WOOD FRAME ON TIMBERS
3	STEEL FRAME

CODE LIST 50

SCREEN QUALITY	
L	LOW
A	AVERAGE
G	GOOD

FILE 7 - DWELLING FILE

CODE LIST 51

ADDITION TYPE	
1	3 WALL ADD'N AT 1 END
2	3 WALL ADD'N AT 1 SIDE
3	2 WALL ADD'N

FILE 20 - OIL AND GAS WELL OWNER FILE

CODE LIST 52

TYPE OF INTEREST	
WI	WORKING INTEREST
RI	ROYALTY INTEREST

FILE 28 - SALES DISCLOSURE FORM FILE

CODE LIST 53

EXEMPT TRANSACTIONS	
0	NONE -- NOT AN EXEMPT TRANSACTION
1	SECURITY INTEREST DOCUMENT SUCH AS MORTGAGE OR TRUST DEED
2	LEASES THAT ARE FOR A TERM OF LESS THAN NINETY (90) YEARS
3	DOCUMENT FOR COMPULSORY TRANSACTIONS AS A RESULT OF FORECLOSURE OR EXPRESS THREAT OF FORECLOSURE, DIVORCE, COURT ORDER, CONDEMNATION OR PROBATE
4	TRANSFER TO A CHARITY
5	AGREEMENTS AND OTHER DOCUMENTS FOR MERGERS, CONSOLIDATIONS AND INCORPORATIONS INVOLVING SOLELY NONLISTED STOCK
6	QUITCLAIM DEEDS NOT SERVING AS A SOURCE OF TITLE
7	TRANSFER FOR NO CONSIDERATION OR GIFT
8	DOCUMENTS INVOLVING THE PARTITION OF LAND TENANTS IN COMMON, JOINT TENANTS OR TENANTS BY THE ENTIRETY
9	RE-RECORDING TO CORRECT PRIOR RECORDED DOCUMENT
10	RIGHT-OF-WAY GRANTS FOR NO CONSIDERATION
11	EASEMENTS WITH NO TRANSFER OF TITLE

FILE 29 - SKETCH FILE

CODE LIST 54

POLYGON FILL TYPE	
0	NONE
1	CROSSHATCH
2	SHADED
3	YELLOW
4	BLUE
5	RED
6	GREEN
7	OTHER

CODE LIST 55

LINE TYPE	
1	WALL
2	PARTY WALL - FINISHED ONE SIDE
3	PARTY WALL - FINISHED BOTH SIDES
4	DIVISION WALL -- LINE NOT PART OF PERIMETER
5	OTHER

(Department of Local Government Finance; 50 IAC 12-17-1; filed May 28, 1998, 4:50 p.m.: 21 IR 3670)

ARTICLE 13. LAND VALUATION

Rule 1. Applicability

50 IAC 13-1-1 Exceptions

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1

Sec. 1. (a) This article does not apply to:

- (1) land assessed as land devoted to agricultural use under IC 6-1.1-4-13;
 - (2) land classified as forest land under IC 6-1.1-6;
 - (3) land classified as a windbreak under IC 6-1.1-6.2;
 - (4) land classified as wildlife habitat or riparian under IC 6-1.1-6.5;
 - (5) land classified as a filter strip under IC 6-1.1-6.7.
- (b) This article does not affect the application of 50 IAC 2.2-5.

(c) The provisions of this article do not supercede, but are supplemental to, the provisions of 50 IAC 2.2-4-1 and 50 IAC 2.2-4-5 through 50 IAC 2.2-4-19. (*Department of Local Government Finance; 50 IAC 13-1-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3694*)

Rule 2. Representative Parcels

50 IAC 13-2-1 Land value determination justification

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4; IC 6-1.1-5.5

Sec. 1. (a) The township assessor must select a representative number of sales disclosure statements filed under IC 6-1.1-5.5 or written estimations of a property value provided by a qualified real estate professional that are based on relevant sales data to justify the land value determination for each neighborhood. All sales disclosure statements must be verified by:

- (1) a visual inspection of the subject property; and
- (2) reasonable attempt to determine that the transaction was negotiated as an arm's-length transaction.

All sales disclosure statements selected must be adjusted to exclude the value of any personal property of significant value that was included in the disclosed sales price. All sales disclosure statements selected involving property that is not typical of the neighborhood must be adjusted to negate the affect the atypical aspects of the property have on the disclosed sales price.

(b) For the purposes of this section, a "representative number" shall mean a number that is no less than three percent (3%) of the total number of parcels within the neighborhood established under 50 IAC 13-4 unless the township assessor submits written findings to the property tax assessment board of appeals that support the township assessor's determination that:

- (1) a lesser percentage is truly representative of values in the neighborhood; or
- (2) disclosure statements from a substantially similar neighborhood are truly representative of values in the neighborhood.

(c) Township assessors should select disclosure statements or estimations of value that, based on all relevant facts and evaluation of the neighborhood as a whole, fairly represent the value of property in the neighborhood. (*Department of Local Government Finance; 50 IAC 13-2-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3694*)

50 IAC 13-2-2 Representative disclosure statements

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 2. Representative disclosure statements selected for use under section 1 of this rule must refer to a transaction, or estimations of value must refer to an estimation of value, that is dated no more than eighteen (18) months prior or subsequent to January 1 of the year that preceded the commencement of the general reassessment by two (2) years. Valuation adjustments may be made based on the date of the disclosure statement or estimations of value. Valuation adjustments should be made as is necessary to approximate the value of the subject land in the year that preceded the commencement of the general reassessment by two (2) years. (*Department of Local Government Finance; 50 IAC 13-2-2; filed May 29, 1998, 11:59 a.m.: 21 IR 3695*)

Rule 3. Land Value Ratio

50 IAC 13-3-1 Determining land value ratio

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 1. (a) The township assessor must determine an appropriate land value ratio to be applied to sales disclosure statements or estimations of value of improved properties. This ratio must take into account factors that are critical to determination of the value of the land. The ratio and factors must be included as part of the land value determination submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6(a) and presented at the public hearing held under IC 6-1.1-4-13.6(a). The factors should include, but not be limited to, such factors as:

- (1) unimproved lot sale prices designated by property developers;
- (2) the desirability due to physical features, such as waterfront property or wooded lots;
- (3) the desirability of the location due to external features, such as school district or proximity to commercial developments; and
- (4) consideration of the replacement cost of the improvement.

(b) A proposed land value ratio under subsection (a) must be adopted by the township assessor prior to the commencement of the next general reassessment. (*Department of Local Government Finance; 50 IAC 13-3-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3695*)

Rule 4. Neighborhoods

50 IAC 13-4-1 Neighborhood defined by township assessors

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 1. (a) All property within a township must be established as part of a neighborhood defined by the township assessor under subsection (b).

(b) A township assessor shall define neighborhoods according to:

- (1) common development characteristics;
- (2) the average age of the majority of improvements;
- (3) the size of lots or tracts;
- (4) subdivision plats and zoning maps;
- (5) school and other taxing district boundaries;
- (6) distinctive geographic boundaries;
- (7) any manmade improvements that significantly disrupt the cohesion of adjacent properties;
- (8) sales statistics; and
- (9) other characteristics deemed appropriate to assure equitable determinations.

(c) The neighborhoods defined under subsection (a) must be established by the township assessor prior to the commencement of the next general reassessment. (*Department of Local Government Finance; 50 IAC 13-4-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3695*)

50 IAC 13-4-2 Maps

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 2. (a) All neighborhoods defined in section 1 of this rule must be identified on easily read maps. The maps must be numerically organized, clearly delineate the neighborhood boundary, show the neighborhood base rate established under 50 IAC 13-5 and the code number required under subsection (b). All neighborhoods shall be assigned a code number for identification. A copy of the maps shall be provided to the secretary of the property tax assessment board of appeals.

(b) All property record cards must give the:

- (1) number of the map on which the neighborhood that includes the subject property is shown;
- (2) neighborhood code number; and
- (3) applicable base rate.

(*Department of Local Government Finance; 50 IAC 13-4-2; filed May 29, 1998, 11:59 a.m.: 21 IR 3695*)

Rule 5. Base Rates and Base Lots

50 IAC 13-5-1 Base rates established by the townships

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 5-3-1; IC 6-1.1-4

Sec. 1. (a) The township shall establish a base rate for pricing each neighborhood. Base rates should include a specifically stated value for water supply, sewage disposal, and all other on-site development costs as required by 50 IAC [this title]. Neighborhoods shall be classified according to majority use as residential, agricultural homesite, commercial, or industrial. The township shall also establish a base lot to represent the typical and average characteristics of lots in the neighborhood for the purpose of making pricing adjustments.

(b) Proposed base rates and base lot values must be established by the township assessor, in accordance with subsection (a), no less than twelve (12) months prior to the date that final determinations must be submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6.

(c) No less than twelve (12) months prior to the date that final determinations must be submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6, the proposed base rates and base lot values established under subsection (b) for all neighborhoods located in part on the exterior boundary of the township must be:

(1) published in accordance with IC 5-3-1; and

(2) sent by certified mail to the county property tax board of appeals and the county property tax board of appeals of any county which the township borders.

(Department of Local Government Finance; 50 IAC 13-5-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3696)

50 IAC 13-5-2 Maximum allowable percentage variance

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 5-3-1; IC 6-1.1-4

Sec. 2. (a) The township shall establish a maximum allowable percentage variance between the base lot value for neighborhoods having the same classification and substantially similar characteristics. The maximum allowable percentage variance should not exceed twenty percent (20%). (If ranges are established, the maximum allowable percentage variance should be applied to compare the two (2) highest rates to each other and the two (2) lowest rates to each other.) If adjacent neighborhoods located on opposite sides of a township or county boundary:

(1) have the same classification and substantially similar characteristics; and

(2) the variance between the neighborhood base lot value is greater than the maximum allowable percentage variance established by either township;

the proposed base lot values shall be reviewed and may be adjusted by the county property tax board of appeals under subsection (c). The township assessing officials shall participate in the public hearing and adjust the base lot values as directed by the county property tax board of appeals under subsection (f).

(b) For the purposes of this section, "substantially similar characteristics" refers to characteristics that are predominant in, and common to, each neighborhood, and in all material respects are substantially similar in terms of:

(1) the size and shape of lots or tracts;

(2) the age and style of improvements;

(3) the condition and grade of improvements;

(4) zoning;

(5) the general use of improvements;

(6) development conditions;

(7) infrastructure components;

(8) geographic features;

(9) proximity to primary traffic routes;

(10) governmental services; and

(11) neighborhood desirability, as reflected by market values.

(c) Within sixty (60) days subsequent to the latest date for submission of proposed base rates and base lot values under 50 IAC 13-5-1(c) [section 1(c) of this rule], the county property tax board of appeals shall conduct a public hearing for the purpose of adjusting any base lot values that cause the maximum allowable percentage variance for a township to be exceeded. Each affected township assessor shall present evidence to support the base lot value established by that township assessor. The county property tax board of appeals shall review the evidence and shall make an equitable adjustment to one (1) or both of the affected base lot values so that the adjusted base lot values are within the maximum allowable percentage variance for both townships. The county property tax board of appeals shall submit the proposed values and related information, on the neighborhood valuation forms required by 50 IAC [this title], to the county property tax board of appeals of each adjacent county.

(d) Upon receipt of the proposed base lot values received under subsection (c), the county property tax board of appeals shall compare the base lot values of all adjacent neighborhoods located on a county boundary that have the same classification and substantially similar characteristics. If the maximum allowable percentage variance for a township is exceeded, the county property tax board of appeals in the county with the lower base lot value shall conduct a joint hearing with the county property tax board of appeals for the county having the higher base lot value. The joint hearing shall be held in the county having the lower base lot value. If, at the conclusion of a public hearing required under this subsection, the two (2) county property tax board of appeals fail to adjust the base lot values in a manner that bring both base lot values within the established maximum allowable percentage variance of each affected township, the lower base lot value shall be deemed adjusted to a rate equal to the highest of the subject base lot values. No hearing or adjustment shall be required under this subsection when the maximum allowable percentage variance is exceeded as a consequence of a base lot value adjustment necessitated by the prior application of this section.

(e) Public hearings required under subsections (c) and (d):

(1) must be advertised in accordance with IC 5-3-1;

(2) may not be continued more than one (1) time; and

(3) may not be continued to a date more than thirty (30) days subsequent to the date of the initial public hearing.

Public hearings required under subsection (d) must be completed no less than six (6) months prior to the date that final determinations must be submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6. (*Department of Local Government Finance; 50 IAC 13-5-2; filed May 29, 1998, 11:59 a.m.: 21 IR 3696*)

Rule 6. Influence Factors

50 IAC 13-6-1 Criteria

Authority: IC 6-1.1-4-13.6; IC 6-1.1-31

Affected: IC 6-1.1-4

Sec. 1. In addition to the provisions of 50 IAC 2.2-4-12, the township assessor shall establish detailed criteria relating to influence factors that may be applied to individual parcels. The criteria relating to influence factors shall include:

(1) criteria for identifying and determining the existence of unique features that are inconsistent with the norm for the neighborhood;

(2) specific conditions that will be considered as evidence that a parcel deserves an influence factor;

(3) a method for evaluating whether a particular condition actually influences the value of the parcel; and

(4) any factors, criteria, or conditions relating to influence factors that are promulgated in a rule by the state board of tax commissioners.

The criteria relating to influence factors established under this rule must be included as part of the land value determination submitted to the property tax assessment board of appeals under IC 6-1.1-4-13.6(a) and presented at the public hearing held under IC 6-1.1-4-13.6(a). (*Department of Local Government Finance; 50 IAC 13-6-1; filed May 29, 1998, 11:59 a.m.: 21 IR 3697*)

ARTICLE 14. EQUALIZATION STANDARDS

Rule 1. Purpose and Applicability

50 IAC 14-1-1 Purpose

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. The purpose of this rule is to establish procedures and standards to be used by county assessors and the department of local government finance in the adjustment of assessed valuations under IC 6-1.1-13 to attain a just, equal, and uniform basis and level of assessment among taxpayers in a county and from county to county. (*Department of Local Government Finance; 50 IAC 14-1-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4048*)

50 IAC 14-1-2 Applicability

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13-6; IC 6-1.1-14-5

Sec. 2. This rule applies to a county assessor and the department of local government finance exercising authority under IC 6-1.1-13-6 or IC 6-1.1-14-5 to equalize assessed values in and between the various townships of a county. (*Department of Local Government Finance; 50 IAC 14-1-2; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4048*)

Rule 2. Method

50 IAC 14-2-1 Method

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. County assessors and the department of local government finance may use any method or combination of methods acceptable under the Standard on Ratio Studies published by the International Association of Assessing Officials, July 1999 (IAAO standard), which is hereby incorporated by reference and does not include any later amendments or editions, to perform the tasks mandated by this article. Copies of the 1999 IAAO Standard on Ratio Studies are available for purchase from the International Association of Assessing Officers, 130 East Randolph, Suite 850, Chicago, Illinois 60601-6217. Unless otherwise indicated, the definitions in the glossary section of the IAAO standard apply to all terms defined in the IAAO standard that are used in this article. (*Department of Local Government Finance; 50 IAC 14-2-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4048*)

Rule 3. Data

50 IAC 14-3-1 Data

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12
Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) County assessors shall use sales of properties occurring between January 1, 1998, and December 31, 1999, in performing sales ratio studies under this article.

(b) If insufficient sales data satisfying the IAAO standard is available, county assessors may use data from earlier or more recent time periods, or both, adjusting the data as described in the IAAO standard. If a county assessor wishes to use a method for adjusting sales data that is not permitted by the IAAO standard, the county assessor shall obtain prior written approval from the director of the division of data analysis of the department of local government finance for that alternative method for adjusting more recent sales data.

(c) If data other than described in subsection (a) or (b) are used, the county assessor shall explain in writing to the director of the division of data analysis of the department of local government finance the reasons for using other data.

(d) If adequate sales data satisfying the IAAO standard is not available, other methods for testing the validity of the assessment prescribed by the IAAO standard may be used. (*Department of Local Government Finance; 50 IAC 14-3-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4048; errata filed Nov 21, 2002, 10:26 a.m.: 26 IR 3046*)

Rule 4. Time

50 IAC 14-4-1 Time

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13-7; IC 6-1.1-14

Sec. 1. (a) County assessors shall perform equalization compliant with this article and provide the results specified in 50 IAC 14-6 and the data specified in 50 IAC 14-8 to the department of local government finance before tax bills are sent based on values generated by a general reassessment.

(b) If any equalization factor required by 50 IAC 14-6 is not reflected in the notice of valuation sent to the taxpayer (Form 11), the equalization factor must be advertised by the county assessor in the manner required by IC 6-1.1-13-7. (*Department of Local Government Finance; 50 IAC 14-4-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4048; errata filed Sep 27, 2002, 10:25 a.m.: 26 IR 382; errata filed Nov 21, 2002, 10:26 a.m.: 26 IR 3046*)

Rule 5. Mandatory Analysis

50 IAC 14-5-1 Classes of land

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13

Sec. 1. (a) For each township in a county assessor's county, the county assessor shall calculate an assessment ratio for each of the following classes of property:

- (1) Improved residential.
- (2) Unimproved residential.
- (3) Improved commercial.
- (4) Unimproved commercial.
- (5) Improved industrial.
- (6) Unimproved industrial.
- (7) Agricultural land.

The definitions for the terms used in the classifications listed in this subsection shall be as stated in Real Property Assessment Guidelines for 2002—Version A (Glossary), as incorporated by reference in 50 IAC 2.3-1-2(c).

(b) A county assessor may separately calculate an assessment ratio for agricultural homesites separate from agricultural land. A county assessor may also include agricultural homesites in an appropriate residential assessment ratio at the county assessor's option.

(c) If any of the classes of property listed in subsection (a) consists of fewer than twenty-five (25) parcels in a township, no assessment ratio is required to be calculated for that class in that township.

(d) In calculating assessment ratios, each county assessor shall disregard distributable utility property. The county assessor shall classify locally assessed utility real property according to its use, for example, commercial or industrial, for purposes of calculating assessment ratios. (*Department of Local Government Finance; 50 IAC 14-5-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4049; errata filed Nov 21, 2002, 10:26 a.m.: 26 IR 3046*)

50 IAC 14-5-2 Assessment ratio; requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13

Sec. 2. (a) Except for agricultural land, each assessment ratio shall be calculated based on an appropriate number of verified sales as determined by the International Association of Assessing Officials (IAAO standard). If an insufficient number of verified sales is available to calculate a ratio, another method acceptable under the IAAO standard shall be used to calculate the ratio.

(b) For agricultural land, the county assessor shall perform an assessment-ratio study in accordance with the IAAO standard.

(c) Ratios shall be calculated to the .95 confidence level whenever possible. If results are calculated to a lower confidence level, that level shall be reported to the department of local government finance. (*Department of Local Government Finance; 50 IAC 14-5-2; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4049*)

50 IAC 14-5-3 Provision of information to department of local government finance; verification

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 3. (a) After the required data computations are compiled for every township in a county, the county assessor shall forward the results of those computations, the computations themselves, and all information used to make the computations (including all sales and assessment information) to the division of data analysis of the department of local government finance (division) in the format described in 50 IAC 14-8.

(b) The division will review and verify the accuracy of the computations. If errors are found in the computations, the division will notify the county assessor, who shall correct all errors. Once all errors are corrected, the county assessor shall forward the corrected computations to the division of data analysis for verification. When this verification is complete, the division will notify the county assessor. (*Department of Local Government Finance; 50 IAC 14-5-3; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4049; errata filed Nov 21, 2002, 10:26 a.m.: 26 IR 3046*)

Rule 6. Mandatory Application of Factor

50 IAC 14-6-1 Provision of information to department of local government finance

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) If the median ratio calculated for any class in a township, as verified by the division of data analysis of the department of local government finance, falls outside the range specified in the International Association of Assessing Officials standard, the county assessor shall apply the factor required to bring the median ratio to one (1.0).

(b) If the county assessor believes that reasons exist why no factor, or a factor other than that required to bring the median ratio to one (1.0), should be applied in a particular township, the county assessor shall immediately notify the commissioner of the department of local government finance in writing of those reasons and request permission to take action other than that mandated in subsection (a) or to take no action.

(c) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than that mandated in subsection (a), the commissioner may:

(1) require the county assessor to take the action mandated in subsection (a);

(2) permit the action requested by the county assessor; or

(3) require the county assessor to take other action short of that required in subsection (a).

(*Department of Local Government Finance; 50 IAC 14-6-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4049; errata filed Sep 27, 2002, 10:25 a.m.: 26 IR 382*)

Rule 7. Reassessment

50 IAC 14-7-1 Reassessment

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. (a) If the coefficient of dispersion for any class in a township, as verified by the division of data analysis of the department of local government finance, falls outside the range specified in the International Association of Assessing Officials standard (fifteen (15.0) for residential improved property; twenty (20.0) for all other classes), the county assessor shall direct the township assessor to reassess the class in that township.

(b) If the county assessor believes that reasons exist not to reassess a class in a particular township under subsection (a), the

county assessor shall immediately notify the commissioner of the department of local government finance in writing of those reasons and request permission to take action other than that mandated in subsection (a) or to take no action.

(c) The commissioner shall act on the request within thirty (30) days of receiving the request. In response to a county assessor's request for permission to take action other than mandated in subsection (a), the commissioner may require the county assessor to take the action mandated in subsection (a), may permit the action requested by the county assessor, or may require the county assessor to take other action short of that required in subsection (a). (*Department of Local Government Finance; 50 IAC 14-7-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4050; errata filed Sep 27, 2002, 10:25 a.m.: 26 IR 382*)

Rule 8. Transfer of Data to Department of Local Government Finance

50 IAC 14-8-1 Transfer of data

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. County assessors shall forward to the department of local government finance electronic spreadsheets that contain all data used to calculate a coefficient of dispersion and median ratio for each township. The data the county assessor provides must, at a minimum, include the following information for each property used to calculate the coefficient of dispersion and median ratio:

- (1) Parcel number.
- (2) Assessed value of land.
- (3) Assessed value of improvement.
- (4) Date of sale.
- (5) Sale price.
- (6) Township.
- (7) School corporation.
- (8) County taxing district number.
- (9) Department of local government finance taxing district number.
- (10) Condition rating.
- (11) Grade.
- (12) Neighborhood-code.
- (13) Property class code.

(*Department of Local Government Finance; 50 IAC 14-8-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4050; errata filed Nov 21, 2002, 10:26 a.m.: 26 IR 3046*)

Rule 9. Action by Department of Local Government Finance

50 IAC 14-9-1 Action

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14

Sec. 1. In the event that a county fails to perform the actions required by 50 IAC 14-6 through 50 IAC 14-8 and this rule by the deadlines set in this article, the department of local government finance may perform those actions. In doing so, the department of local government finance shall use data in its possession or data provided by the county assessor, whether or not that data conforms to 50 IAC 14-3. (*Department of Local Government Finance; 50 IAC 14-9-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4050*)

Rule 10. County and State Equalization by Department of Local Government Finance

50 IAC 14-10-1 County and state equalization

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-13; IC 6-1.1-14-4; IC 6-1.1-14-9

Sec. 1. Using the data described in 50 IAC 14-8 and 50 IAC 14-9, the department of local government finance may propose to equalize valuations in any county, between counties, or in the state as a whole, in any one (1) or more of the classes of property listed in 50 IAC 14-5. The department of local government finance shall issue notice and provide opportunity for hearing in accordance with IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing a final equalization order. (*Department of Local Government Finance; 50 IAC 14-10-1; filed Jul 26, 2002, 10:07 a.m.: 25 IR 4050*)

ARTICLE 15. ASSESSOR-APPRAISERS, PROFESSIONAL APPRAISERS, AND TAX REPRESENTATIVES

Rule 1. Definitions

50 IAC 15-1-1 Applicability

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8

Affected: IC 6-1.1

Sec. 1. The definitions in this rule apply throughout this article. (*Department of Local Government Finance; 50 IAC 15-1-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482*)

50 IAC 15-1-1.5 "Clarification of the authority of Indiana board of tax review" defined

Authority: IC 6-1.1-30-1.1; IC 6-1.1-35.5-8.5

Affected: IC 6-1.1-31-1; IC 6-1.1-35.5-6

Sec. 1.5. The department of local government finance, as successor agency to the state board of tax commissioners and under the authority of IC 6-1.1-35.5-8.5, adopts these amendments to the rules as they pertain to the department of local government finance and proceedings before the department and the property tax assessment board of appeals. Pursuant to IC 6-1.1-31-1(c), this rulemaking action does not repeal or supersede the rules of the state board of tax commissioners until the Indiana board of tax review adopts rules to repeal or supersede the rules of the state board of tax commissioners as they pertain to rules of practice before the Indiana board. (*Department of Local Government Finance; 50 IAC 15-4-1.5; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516*)

50 IAC 15-1-2 "Assessor-appraiser" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8

Affected: IC 6-1.1-35.5

Sec. 2. "Assessor-appraiser" means a person certified under IC 6-1.1-35.5. (*Department of Local Government Finance; 50 IAC 15-1-2; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482*)

50 IAC 15-1-2.5 "Commissioner" defined

Authority: IC 6-1.1-30-1.1; IC 6-1.1-31-1

Affected: IC 6-1.1-35.5-6

Sec. 2.5. "Commissioner" is the commissioner of the department of local government finance established under IC 6-1.1-30-1.1. (*Department of Local Government Finance; 50 IAC 15-1-2.5; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516*)

50 IAC 15-1-2.6 "Department" defined

Authority: IC 6-1.1-30-1.1

Affected: IC 6-1.1-35.5-6

Sec. 2.6. "Department" is the department of local government finance established under IC 6-1.1-30-1.1. References to the department in this rule shall where necessary include its predecessor agency, the state board of tax commissioners. (*Department of Local Government Finance; 50 IAC 15-1-2.6; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516*)

50 IAC 15-1-3 “Board” defined (Repealed)

Sec. 3. *(Repealed by Department of Local Government Finance; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1522)*

50 IAC 15-1-4 “Professional appraiser” defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8

Affected: IC 6-1.1-4

Sec. 4. “Professional appraiser” means a professional appraiser or professional appraisal firm that contracts with a township or county under IC 6-1.1-4. *(Department of Local Government Finance; 50 IAC 15-1-4; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482)*

50 IAC 15-1-5 “Tax representative” defined (Repealed)

Sec. 5. *(Repealed by Department of Local Government Finance; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1522)*

Rule 2. Purpose

50 IAC 15-2-1 Purpose

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11; IC 6-1.1-31.7-3; IC 6-1.1-35.5-8

Affected: IC 6-1.1-31.7; IC 6-1.1-35.5

Sec. 1. The purpose of this article is to establish rules regarding the following:

(1) The training and education of assessor-appraisers certified under IC 6-1.1-35.5.

(2) Contracting with professional appraisers and appraisal firms required to be certified under IC 6-1.1-31.7.

(Department of Local Government Finance; 50 IAC 15-2-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482)

Rule 3. Assessor-Appraisers Certification

50 IAC 15-3-1 Level One requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8

Affected: IC 6-1.1

Sec. 1. In order to be certified as a Level One assessor-appraiser, an individual must:

(1) complete six (6) hours of Level One preexamination course work designated by the department;

(2) pass the Level One examination designated by the department; and

(3) complete the continuing education requirements specified in section 2 of this rule.

(Department of Local Government Finance; 50 IAC 15-3-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2482; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516)

50 IAC 15-3-2 Level One continuing education

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8

Affected: IC 6-1.1

Sec. 2. (a) The continuing education requirements for Level One certification are thirty (30) hours of course work approved by the department.

(b) After eight (8) years of continuous certification, accrued after December 31, 1998, as an assessor-appraiser under section 1 of this rule, the continuing education requirements of subsection (a) are reduced to fifteen (15) hours of course work approved by the department.

(c) The continuing education requirements specified in this section must be obtained in forty-eight (48) month cycles, beginning January 1 of the first year following certification. *(Department of Local Government Finance; 50 IAC 15-3-2; filed Mar*

31, 1999, 10:31 a.m.: 22 IR 2482; filed Dec 18, 2000, 11:01 a.m.: 24 IR 1302; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1516)

50 IAC 15-3-3 Level Two requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8

Affected: IC 6-1.1

Sec. 3. In order to be certified as a Level Two assessor-appraiser, an individual must:

- (1) complete six (6) hours of Level Two preexamination course work designated by the department;
- (2) pass the Level Two examination designated by the department; and
- (3) complete the continuing education requirements specified in section 4 of this rule.

(Department of Local Government Finance; 50 IAC 15-3-3; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1517)

50 IAC 15-3-4 Level Two continuing education

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8

Affected: IC 6-1.1

Sec. 4. (a) The continuing education requirements for Level Two certification are forty-five (45) hours of course work approved by the department.

(b) After eight (8) years of continuous certification, accrued after December 31, 1998, as an assessor-appraiser under section 3 of this rule, the continuing education requirements of subsection (a) are reduced to eighteen (18) hours of course work approved by the department.

(c) The continuing education requirements specified in this section must be obtained in forty-eight (48) month cycles, beginning January 1 of the first year following certification. *(Department of Local Government Finance; 50 IAC 15-3-4; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 18, 2000, 11:01 a.m.: 24 IR 1302; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1517)*

50 IAC 15-3-5 Miscellaneous provisions

Authority: IC 6-1.1-31-1; IC 6-1.1-35.5-8

Affected: IC 6-1.1-4

Sec. 5. (a) The department shall maintain, publish, and distribute to each assessor-appraiser, a list of courses that have been accredited as approved assessor-appraiser continuing education courses. Courses that are not included on the list may be submitted for inclusion and will, at the discretion of the department, be accredited.

(b) A certified assessor-appraiser that meets the continuing education requirements of section 4 of this rule is not required to meet the continuing education requirements of section 3 of this rule in order to maintain their Level One certification.

(c) An assessor-appraiser holding a valid certification on January 1, 1999, shall be deemed certified under this rule. *(Department of Local Government Finance; 50 IAC 15-3-5; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 18, 2000, 11:01 a.m.: 24 IR 1302; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1517)*

50 IAC 15-3-6 Revocation of certification

Authority: IC 6-1.1-31-1

Affected: IC 6-1.1-4; IC 6-1.1-35.5-6

Sec. 6. (a) The department may revoke the Level One or Level Two assessor-appraiser certification of an individual for:

- (1) conduct proscribed by IC 6-1.1-35.5-6(b);
- (2) noncompliance with:

- (A) the continuing education provisions of this article;
- (B) the provisions of the contract entered under IC 6-1.1-4; or
- (C) assessing laws pursuant to IC 6-1.1, and rules of the department.

(b) The revocation procedure shall be initiated by the department's issuance of a notice to the respondent. The notice shall:

- (1) be sent by certified mail, return receipt requested;
 - (2) contain a clear and concise statement detailing the alleged misconduct;
 - (3) state the time and place for a hearing not less than ninety (90) days from the date of mailing the notice;
 - (4) inform respondent of the information contained in subsections (d) and (g); and
 - (5) inform the respondent that the failure to attend the hearing without good cause may constitute grounds for default entered in favor of the department, as well as the sanction imposed.
- (c) The department shall appoint a hearing officer for purposes of these proceedings. The hearing officer may by prior written

notice:

- (1) conduct any prehearing proceedings requested by either party, or which the hearing officer determines may aid in the ultimate resolution of the proceedings; and
 - (2) allow informal discovery subject to any terms and conditions the hearing officer deems to be appropriate.
- (d) The revocation hearing shall be conducted on the record.

(1) The respondent may be represented by counsel, and shall have the right to present witnesses and evidence on the respondent's own behalf and to cross-examine the department's witnesses or evidence.

(2) The burden of proof shall be on the department to prove the violation or violations alleged by a preponderance of the evidence.

(3) No continuance shall be granted except upon a showing of good cause.

(e) The hearing officer may consider any of the following in recommending to the commissioner whether respondent's Level One or Level Two assessor-appraiser certification should be revoked:

(1) The seriousness of the violation that gave rise to these proceedings.

(2) Whether the violation is likely to recur.

(3) Respondent's character, including remorse, if any,

(4) Whether respondent's continued status as a Level One or Level Two assessor-appraiser would pose an undue risk to the public.

(5) Any other factor the hearing officer determines to be appropriate under the circumstances.

(f) The hearing officer shall submit a written recommendation for final action to the commissioner. The recommendation shall contain the reasons for the hearing officer's determination of the sanction, if any, to be imposed. The commissioner is not bound by the hearing officer's recommendation.

(g) If the commissioner determines that a violation of section 2(a) of this rule has occurred, the commissioner may take any of the following remedies with respect to the respondent:

(1) Decline to issue any sanction.

(2) Issue a written reprimand admonishing the respondent for the violation.

(3) Suspend the respondent's Level One or Level Two assessor-appraiser certification for a period of up to one (1) year, at the conclusion of which the respondent shall be automatically reinstated, provided that respondent meets all educational requirements for a Level One or Level Two assessor-appraiser certification, as applicable to the proceedings.

(h) The determination of the commissioner constitutes a final appealable order of the department. (*Department of Local Government Finance; 50 IAC 15-3-6; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1518*)

Rule 4. Professional Appraisers

50 IAC 15-4-1 Certification requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-31.7-3

Affected: IC 6-1.1-4-19.5; IC 6-1.1-31.7; IC 6-1.1-35.5

Sec. 1. (a) To be designated as a professional appraiser, an individual must:

(1) be a certified Level Two assessor-appraiser under IC 6-1.1-35.5;

(2) enter a contract that contains all applicable standard contract provisions developed by the department under IC 6-1.1-4-19.5;

(3) specify in the contract entered under IC 6-1.1-4-19.5 that the contract is void if the individual's appraiser certification, issued under IC 6-1.1-31.7, is revoked; and

- (4) specify in the contract entered under IC 6-1.1-4-19.5 the precise contractual duties that:
 - (A) the professional appraiser will personally fulfill;
 - (B) the professional appraiser will personally review, direct, administer, supervise, or oversee;
 - (C) will be conducted by an administrative assistant or any person other than the professional appraiser; and
 - (D) will remain the responsibility of the township or county.
- (b) Professional appraisers that are firms must:
 - (1) employ a certified Level Two assessor-appraiser under IC 6-1.1-35.5;
 - (2) enter a contract that contains all applicable standard contract provisions developed by the department under IC 6-1.1-4-19.5, including, specifically, provisions for sanctions;
 - (3) specify in the contract entered under IC 6-1.1-4-19.5 that the contract is void if the firm's appraiser certification, issued under IC 6-1.1-31.7, is revoked; and
 - (4) specify in the contract entered under IC 6-1.1-4 the precise contractual duties that:
 - (A) a certified Level Two assessor-appraiser will personally fulfill;
 - (B) a certified Level Two assessor-appraiser will personally review, direct, administer, supervise, or oversee;
 - (C) will be conducted by administrative personnel or any person other than a certified Level Two assessor-appraiser; and
 - (D) will remain the responsibility of the township or county.

(Department of Local Government Finance; 50 IAC 15-4-1; filed Mar 31, 1999, 10:31 a.m.: 22 IR 2483; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1518)

Rule 5. Tax Representatives

50 IAC 15-5-1 Definitions

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11

Affected: IC 6-1.1-2-4; IC 6-1.1-15; IC 6-1.1-28-1; IC 6-1.1-30-11; IC 6-1.5

Sec. 1. The following definitions apply throughout this rule:

- (1) "Practice before the property tax assessment board of appeals or the department" is the participation in all matters connected with a presentation to the property tax assessment board of appeals, the department, or any of their officers or employees relating to a client's rights, privileges, or liabilities under Indiana's property tax laws or rules. Such presentations include the following:
 - (A) Preparing and filing necessary documents, except personal property returns.
 - (B) Corresponding and communicating with the property tax assessment board of appeals or the department.
 - (C) Representing a client at hearings, on-site inspections, and meetings.
- (2) "Property tax assessment board of appeals" is the county property tax assessment board of appeals established under IC 6-1.1-28-1.
- (3) "Tax representative" is a person who represents another person at a proceeding before the property tax assessment board of appeals or the department. The term does not include:
 - (A) the owner of the property (or person liable for the taxes under IC 6-1.1-2-4) that is the subject of the appeal;
 - (B) a permanent full-time employee of the owner of the property (or person liable for the taxes under IC 6-1.1-2-4) who is the subject of the appeal;
 - (C) representatives of local units of government appearing on behalf of the unit;
 - (D) a certified public accountant, when the certified public accountant is representing a client in a matter that relates only to personal property taxation; or
 - (E) an attorney who is a member in good standing of the Indiana bar or any person who is a member in good standing of any other state bar and who has been granted leave by the department to appear pro hac vice.
- (4) "Indiana board" means the Indiana board of tax review established under IC 6-1.5, et seq.

(Department of Local Government Finance; 50 IAC 15-5-1; filed Dec 5, 2000, 2:32 p.m.: 24 IR 947; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1519)

50 IAC 15-5-2 Practice requirements

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15-1; IC 6-1.1-15-12; IC 6-1.1-26-1

Sec. 2. (a) In order to practice before the property tax assessment board of appeals or the department, a tax representative must:

- (1) beginning July 1, 2001, be properly certified in writing by the department; and
- (2) have a copy of a properly executed power of attorney from the taxpayer. The power of attorney shall be on the form prescribed by the department and need not be refiled if the form is later revised.

(b) Property tax representatives may not be certified to practice before the property tax assessment board of appeals or the department for:

- (1) matters relating to real and personal property exemptions claimed on a Form 132 or 136;
- (2) claims that assessments or taxes are "illegal as a matter of law", whether brought on a Form 133 pursuant to IC 6-1.1-15-12(a)(6), on a Form 17-T pursuant to IC 6-1.1-26-1(4), a Form 130 pursuant to IC 6-1.1-15-1, or otherwise;
- (3) claims regarding the constitutionality of an assessment; or
- (4) other representation that involves the practice of law.

(c) Individuals who apply for certification or recertification as a tax representative must furnish evidence to the department that they:

- (1) are at least eighteen (18) years of age;
- (2) hold a high school diploma or equivalent credential;
- (3) are a certified Level Two assessor-appraiser;
- (4) have completed the educational course requirements of all rules adopted by the department related to procedures for practice before the property tax assessment board of appeals or the department;
- (5) have fully complied with all rules adopted by the department regarding professional conduct and ethical considerations; and
- (6) have fully complied with all rules adopted by the department regarding client solicitation.

(d) A person who fulfills the requirements of subsection (c) shall be granted a written certification that shall be effective upon issuance by the department. (*Department of Local Government Finance; 50 IAC 15-5-2; filed Dec 5, 2000, 2:32 p.m.: 24 IR 947; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1520*)

50 IAC 15-5-3 Recertification

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11
Affected: IC 6-1.1

Sec. 3. Tax representative certifications expire on the same date as the tax representative's certification as a Level Two assessor-appraiser under 50 IAC 15-3-4. (*Department of Local Government Finance; 50 IAC 15-5-3; filed Dec 5, 2000, 2:32 p.m.: 24 IR 948*)

50 IAC 15-5-4 Course work

Authority: IC 6-1.1-31-11
Affected: IC 6-1.1

Sec. 4. (a) Beginning January 1, 2002, a tax representative must, within each forty-eight (48) month continuing education certification cycle under 50 IAC 15-3-4, complete twelve (12) hours of course work that has been designated as tax representative practice course work approved by the department. Of the twelve (12) hours of tax representative practice course work, three (3) hours must relate to professional conduct, ethical considerations, or client communications.

(b) The course work completed under this section will be credited toward the total continuing education course work required to maintain a Level Two assessor-appraiser certification under 50 IAC 15-3-4. (*Department of Local Government Finance; 50 IAC 15-5-4; filed Dec 5, 2000, 2:32 p.m.: 24 IR 948; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1520*)

50 IAC 15-5-5 Communication with client or prospective client

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11

Affected: IC 6-1.1-2-4

Sec. 5. (a) A certified property tax representative shall not use or participate in the use of any false, fraudulent, unduly influencing, coercive, unfair, misleading, or deceptive statement or claims with respect to any matter relating to the practice before the property tax assessment board of appeals or the department.

(b) Beginning January 1, 2001, a property tax representative shall advise the client or prospective client in writing, using a typeface of not less than 12-point, either on the power of attorney or in some other form that may be reasonably interpreted by the taxpayer (the property owner, or person liable for the taxes under IC 6-1.1-2-4) to set forth the rights of the taxpayer with regard to his or her appeal, the following:

“I understand that by authorizing _____ to serve as my certified property tax representative, I am aware of and accept the possibility that the property value may increase as a result of filing an administrative appeal with the property tax assessment board of appeals and that I may be compelled to appear at a hearing before the property tax assessment board of appeals or the department of local government finance.

I further understand that the certified property tax representative is not an attorney and may not present arguments of a legal nature on my behalf.”

(c) The disclosure shall be signed by the taxpayer. The certified property tax representative shall provide the taxpayer with a copy of the disclosure and shall be required to provide a copy of the disclosure to the property tax assessment board of appeals. Failure to provide a signed copy of disclosure upon request may be grounds for an action for revocation of the tax representative’s certification under 50 IAC 15-5-8. (*Department of Local Government Finance; 50 IAC 15-5-5; filed Dec 5, 2000, 2:32 p.m.: 24 IR 948; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1520*)

50 IAC 15-5-6 Prohibitions; obligations

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11

Affected: IC 6-1.1-2-4

Sec. 6. A certified tax representative shall:

- (1) not knowingly misrepresent any information or act in a fraudulent manner;
- (2) not prepare documents or provide evidence in a property assessment appeal unless the representative is authorized by the property owner (or person liable for the taxes under IC 6-1.1-2-4) to do so and any required authorization form has been filed;
- (3) not knowingly submit false or erroneous information in a property assessment appeal;
- (4) use the appraisal standards and methods required by rules adopted by the department, Indiana board, or property tax assessment board of appeals when the representative submits appraisal information in a property assessment appeal; and
- (5) notify the property owner (or person liable for the taxes under IC 6-1.1-2-4) of all matters relating to the review of the assessment of taxpayers’ property before the property tax assessment board of appeals or the department, including, but not limited to, the following:

(A) The tax representative’s filing of all necessary documents, correspondence, and communications with the property tax assessment board of appeal or department.

(B) The dates and substance of all hearings, on-site inspections, and meetings.

(*Department of Local Government Finance; 50 IAC 15-5-6; filed Dec 5, 2000, 2:32 p.m.: 24 IR 948; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1521*)

50 IAC 15-5-7 Contingent fees

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11

Affected: IC 6-1.1

Sec. 7. (a) In the event a tax representative or the entity with which the tax representative is affiliated charges a contingent fee for any matter relating to practice before the property tax assessment board of appeals, the Indiana board or the department, the tax representative must disclose, upon request, the existence of a contingent fee arrangement to the property tax assessment board

of appeals, Indiana board, or department.

(b) As used in this section, "contingent fee" includes a fee charged by the tax representative or the entity with which the tax representative is affiliated that is based on:

- (1) a percentage of the refund obtained;
- (2) a percentage of the taxes saved; or
- (3) a percentage of the reduction in property value.

(c) Failure to disclose the existence of a contingent fee arrangement may result in the presumption that a contingent fee arrangement exists, revocation of certification, or other discipline as provided in this article. (*Department of Local Government Finance; 50 IAC 15-5-7; filed Dec 5, 2000, 2:32 p.m.: 24 IR 949; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1521*)

50 IAC 15-5-8 Certification; revocation

Authority: IC 6-1.1-31-1; IC 6-1.1-31-11

Affected: IC 6-1.1

Sec. 8. (a) The department may revoke the certification of a tax representative for:

- (1) Violation of any rule applicable to certification or practice before the department, Indiana board, or the property tax assessment board of appeals.
- (2) Gross incompetence in the performance of practicing before the property tax assessment board of appeals, the department, or the Indiana board.
- (3) Dishonesty or fraud committed while practicing before the property tax assessment board of appeals, the department, or the Indiana board.
- (4) Violation of the standards of ethics or rules of solicitation adopted by the department.

(b) The revocation procedure shall be initiated by the department's issuance of a notice to the respondent. The notice shall:

- (1) be sent by certified mail, return receipt requested;
- (2) contain a clear and concise statement detailing the alleged misconduct;
- (3) state the time and place for a hearing that is not less than ninety (90) days from the date of mailing the notice;
- (4) inform respondent of the information contained in subsections (d) and (g); and
- (5) inform respondent that the failure to attend the hearing without good cause may constitute grounds for default entered in favor of the state board or the department, as well as the sanction imposed.

(c) The department shall appoint a hearing officer for purposes of these proceedings. The hearing officer may, with prior written notice to the parties:

- (1) conduct any prehearing proceedings requested by either party, or which the hearing officer determines may aid in the ultimate resolution of the proceedings; and
- (2) allow informal discovery subject to any terms and conditions the hearing officer deems to be appropriate.

(d) The revocation hearing shall be conducted on the record subject to the following:

- (1) The respondent may be represented by counsel and shall have the right to present witnesses and evidence on the respondent's own behalf and to cross-examine the department's witnesses or evidence.
- (2) The burden of proof shall be on the department to prove the violation or violations alleged by a preponderance of the evidence.
- (3) No continuance shall be granted except upon a showing of good cause.

(e) The hearing officer may consider any of the following in recommending to the commissioner whether respondent's tax representative certification should be revoked:

- (1) The seriousness of the violation that gave rise to these proceedings.
- (2) Whether the violation is likely to recur.
- (3) Respondent's character, including remorse, if any.
- (4) Whether respondent's continued status as a tax representative would pose an undue risk to the public.
- (5) Any other factor the hearing officer determines to be appropriate under the circumstances.

(f) The hearing officer shall submit a recommendation for final action to the commissioner. The recommendation shall contain the reasons for the hearing officer's determination of the sanction, if any, to be imposed. The commissioner is not bound by the recommendation.

(g) If the commissioner determines that a violation of subsection 2(a) of this [section 2(a) of this rule] has occurred, the commissioner may take any of the following remedies with respect to the respondent:

- (1) Decline to issue any sanction.
- (2) Issue a written reprimand, admonishing the respondent for the violation.
- (3) Suspend of the respondent's Level One assessor-appraiser certification for a period of up to one (1) year, at the conclusion of which the respondent shall be automatically reinstated, provided that respondent meets all educational requirements for a tax representative certification.
- (4) Revoke the certification of the respondent for a period of not less than one (1) year, and not more than three (3) years, at the conclusion of which respondent may petition the department for reinstatement provided that respondent meets all of the criteria for certification under this rule.

(h) The determination of the commissioner constitutes a final appealable order of the department, respectively. (*Department of Local Government Finance; 50 IAC 15-5-8; filed Dec 5, 2000, 2:32 p.m.: 24 IR 949; filed Dec 13, 2002, 3:20 p.m.: 26 IR 1521*)

ARTICLE 16. AMENDED PERSONAL PROPERTY RETURNS

Rule 1. Applicability

50 IAC 16-1-1 Applicability

Authority: IC 6-1.1-31-10

Affected: IC 6-1.1-3-7.5

Sec. 1. (a) This article applies to the filing of amended personal property returns under IC 6-1.1-3-7.5.

(b) The provisions of this article do not supersede, but are supplemental to, the provisions of 50 IAC 4.2. (*Department of Local Government Finance; 50 IAC 16-1-1; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2484*)

Rule 2. Definitions

50 IAC 16-2-1 Applicability

Authority: IC 6-1.1-31-10

Affected: IC 6-1.1-3

Sec. 1. The definitions in this rule apply throughout this article. (*Department of Local Government Finance; 50 IAC 16-2-1; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2484*)

50 IAC 16-2-2 "Assessed valuation" defined

Authority: IC 6-1.1-31-10

Affected: IC 6-1.1-3

Sec. 2. "Assessed valuation" means the proper assessed valuation of all nonexempt property reported on a taxpayer's personal property return and on which property taxes may be assessed under IC 6-1.1-3. (*Department of Local Government Finance; 50 IAC 16-2-2; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2484*)

Rule 3. Filing Procedures

50 IAC 16-3-1 Amendments

Authority: IC 6-1.1-31-10

Affected: IC 6-1.1-3-7.5

Sec. 1. Subject to this article, a taxpayer who files a personal property tax return under IC 6-1.1-3 may file no more than one (1) amended return under IC 6-1.1-3-7.5. (*Department of Local Government Finance; 50 IAC 16-3-1; filed Mar 11, 1999, 5:05 p.m.:*

22 IR 2485)

50 IAC 16-3-2 Amended return form

Authority: IC 6-1.1-31-10

Affected: IC 6-1.1-3-7

Sec. 2. (a) A taxpayer must file the amended return on the appropriate amendment form prescribed by the state board of tax commissioners. The amendment form must be adequately completed and filed with the township assessor in the same manner as is required for the initial personal property tax return.

(b) If no extension was granted under IC 6-1.1-3-7, an amended return must be filed before November 16 of the year in which the personal property tax return was filed.

(c) If an extension was granted under IC 6-1.1-3-7, an amended return must be filed before December 15 of the year in which the personal property tax return was filed. (*Department of Local Government Finance; 50 IAC 16-3-2; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2485*)

Rule 4. Prohibited Amendments

50 IAC 16-4-1 Prohibited amendments

Authority: IC 6-1.1-31-10

Affected: IC 6-1.1-3; IC 6-1.1-11-1

Sec. 1. (a) A taxpayer may not claim an obsolescence deduction for the first time on an amended return. If no amount of obsolescence was claimed on the initial return under a particular statute or rule in effect at the time of the initial return, no obsolescence deduction may be claimed under that particular statute or rule on the amended return.

(b) No exemption can be claimed for the first time on an amendment. If no property is claimed to be exempt under a particular statute or rule on the initial return, no property may be claimed to be exempt under that particular statute or rule on the amended return, and the exemption is waived under IC 6-1.1-11-1.

(c) A township assessor may, as part of the initial review required under 50 IAC 16-5, find an amended return defective if, in the discretion of the township assessor, it is evident from the amended return that the original return provided false information intended for the purpose of avoiding taxes. (*Department of Local Government Finance; 50 IAC 16-4-1; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2485*)

Rule 5. Assessor Initial Review

50 IAC 16-5-1 Initial review

Authority: IC 6-1.1-31-10

Affected: IC 6-1.1-3; IC 6-1.1-15-12

Sec. 1. A township assessor must provide an initial review of all amended returns within ten (10) days of the amended return being filed by the taxpayer. The initial review is for the purpose of verifying that the taxpayer has not made any amendments that are prohibited under 50 IAC 16-4. If a prohibited amendment is discovered by the township assessor, the township assessor must immediately notify the taxpayer in writing that the amendment is defective and will not be processed. The taxpayer will then have ten (10) days to refile the amendment. If a refiled amendment is found defective, no additional amendments may be filed. If the taxpayer believes that an amendment has been improperly found defective by the township assessor, the taxpayer may petition for a correction of error under IC 6-1.1-15-12. (*Department of Local Government Finance; 50 IAC 16-5-1; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2485*)

Rule 6. Assessor Reports

50 IAC 16-6-1 Assessor reports

Authority: IC 6-1.1-31-10
Affected: IC 6-1.1-3

Sec. 1. (a) If, after the initial review required under 50 IAC 16-5, the township assessor finds that no prohibited claim has been made on the amended return, the township assessor must report the amended return to the county auditor on forms prescribed by the state board of tax commissioners.

(b) Within ten (10) days of receipt of a report submitted under subsection (a), the county auditor shall reflect the amendments on the auditor's records of assessed valuation. (*Department of Local Government Finance; 50 IAC 16-6-1; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2485*)

Rule 7. Substantial Reductions

50 IAC 16-7-1 Substantial reductions

Authority: IC 6-1.1-31-10
Affected: IC 6-1.1-3

Sec. 1. If an amendment:

(1) reduces the assessed valuation initially reported on the taxpayer's personal property tax return by more than five million dollars (\$5,000,000); or

(2) would reduce the total assessed valuation of any affected taxing district by more than one percent (1%);

the county auditor may require the taxpayer to pay the applicable property tax based on the original return and recover the overpayment in the following tax year. (*Department of Local Government Finance; 50 IAC 16-7-1; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2485*)

Rule 8. Miscellaneous

50 IAC 16-8-1 Miscellaneous

Authority: IC 6-1.1-31-10
Affected: IC 6-1.1-3

Sec. 1. Notwithstanding the provisions of this article, an amended return remains subject to the review and adjustment of assessing officials under 50 IAC 4.2-3. (*Department of Local Government Finance; 50 IAC 16-8-1; filed Mar 11, 1999, 5:05 p.m.: 22 IR 2486*)

ARTICLE 17. PROCEDURAL RULES

Rule 1. Purpose and Applicability

50 IAC 17-1-1 Purpose

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 1. The purpose of this article is to establish procedures to govern administrative proceedings before the state board of tax commissioners' division of appeals and the state board of tax commissioners. The definitive procedures, procedural requirements, and evidentiary controls established by this article are deemed essential to assure that the administrative appeals before the state board of tax commissioners' division of appeals and the state board of tax commissioners are conducted in the most uniform and objective manner possible. (*Department of Local Government Finance; 50 IAC 17-1-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1608*)

50 IAC 17-1-2 Applicability

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15-3; IC 6-1.1-15-12

Sec. 2. (a) Subject to subsection (c), the provisions of this article apply to and govern petitions to the state board of tax commissioners' division of appeals and the state board of tax commissioners seeking:

(1) the review of an assessment under IC 6-1.1-15-3 (Form 131);

(2) a correction of error under IC 6-1.1-15-12 (Form 133); or

(3) the review of the denial of an exemption application (Form 132).

(b) Any or all provisions of this article may, at the discretion of the state board, be applied to other hearings conducted by the state board.

(c) The provisions of this article do not apply to petitions identified in subsection (a) if:

(1) the taxpayer has not designated an authorized representative to represent the taxpayer in the appeal petition process; and

(2) the petition would qualify as a small claim under the Indiana Tax Court small claim rules.

(Department of Local Government Finance; 50 IAC 17-1-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1608)

Rule 2. Definitions

50 IAC 17-2-1 Applicability

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 1. The definitions in this rule apply throughout this article. *(Department of Local Government Finance; 50 IAC 17-2-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609)*

50 IAC 17-2-2 "Appeal petition" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-11-7; IC 6-1.1-15-3; IC 6-1.1-15-12

Sec. 2. "Appeal petition" means a petition for review filed with the appeals division under IC 6-1.1-15-3, IC 6-1.1-15-12, or IC 6-1.1-11-7. *(Department of Local Government Finance; 50 IAC 17-2-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609)*

50 IAC 17-2-3 "Appeals division" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15; IC 6-1.1-30-11

Sec. 3. "Appeals division" means the board of tax commissioners' division of appeals established under IC 6-1.1-30-11. *(Department of Local Government Finance; 50 IAC 17-2-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609)*

50 IAC 17-2-4 "Authorized representative" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 4. "Authorized representative" means a person designated under this article to represent a party in a matter governed by this article. *(Department of Local Government Finance; 50 IAC 17-2-4; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609)*

50 IAC 17-2-5 "Board of tax commissioners" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 5. "Board of tax commissioners" means the state board of tax commissioners. (*Department of Local Government Finance; 50 IAC 17-2-5; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609*)

50 IAC 17-2-6 "Central office" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 6. "Central office" means the principal office of the board of tax commissioners located in Indianapolis, Indiana. (*Department of Local Government Finance; 50 IAC 17-2-6; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609*)

50 IAC 17-2-7 "Final order or final determination" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15-4; IC 6-1.1-15-5

Sec. 7. "Final order or final determination" means any action of the board of tax commissioners or the appeals division that is:

- (1) designated as such by the board of tax commissioners or appeals division;
- (2) the final step in the administrative process before resort may be made to the judiciary; or
- (3) deemed final under IC 6-1.1-15-4 and IC 6-1.1-15-5.

(*Department of Local Government Finance; 50 IAC 17-2-7; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609*)

50 IAC 17-2-8 "Hearing officer" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 8. "Hearing officer" refers to an individual appointed to conduct a hearing that the appeals division or board of tax commissioners is required by law to hold. (*Department of Local Government Finance; 50 IAC 17-2-8; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609*)

50 IAC 17-2-9 "Order or ruling" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 9. "Order or ruling" means any action by the board of tax commissioners or the appeals division that is not a final order or final determination. (*Department of Local Government Finance; 50 IAC 17-2-9; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609*)

50 IAC 17-2-10 "Party" defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 10. "Party" means all authorized participants in a matter governed by this article, which may include the following:

- (1) Owner of the subject property.
- (2) Taxpayer.
- (3) Person that files an appeal petition.
- (4) Township assessor.
- (5) County assessor, as the county assessor, or secretary of the PTABOA.
- (6) Division of the board of tax commissioners that makes an assessment determination that is the subject of review.

(*Department of Local Government Finance; 50 IAC 17-2-10; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609*)

50 IAC 17-2-11 “Person” defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-10; IC 6-1.1-15

Sec. 11. “Person” means:

- (1) an individual;
- (2) an agency;
- (3) a political subdivision;
- (4) a partnership;
- (5) a corporation;
- (6) a limited liability corporation;
- (7) an association; or
- (8) other entity designated as a person under IC 6-1.1-10.

(Department of Local Government Finance; 50 IAC 17-2-11; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1609)

50 IAC 17-2-12 “Petition for rehearing” defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15-5

Sec. 12. “Petition for rehearing” means a written request for rehearing properly filed with the board of tax commissioners under IC 6-1.1-15-5. *(Department of Local Government Finance; 50 IAC 17-2-12; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1610)*

50 IAC 17-2-13 “Practice before the appeals division or the board of tax commissioners” defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 13. “Practice before the appeals division or the board of tax commissioners” means participation in any matters connected with a presentation to the appeals division or the board of tax commissioners, or any of their officers, or employees relating to a taxpayer’s rights, privileges, or liabilities under Indiana’s property tax laws or rules. Presentations to the appeals division or the board of tax commissioners include, but are not limited to, the following:

- (1) Preparation or filing of documents.
- (2) Corresponding or other communications.
- (3) Representation at a hearing, on-site inspection, or meeting.

This section does not apply to a local unit of government or the preparation or filing of business personal property tax returns. *(Department of Local Government Finance; 50 IAC 17-2-13; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1610)*

50 IAC 17-2-14 “PTABOA” defined

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15; IC 6-1.1-28-1

Sec. 14. “PTABOA” refers to a county property tax assessment board of appeals established under IC 6-1.1-28-1. *(Department of Local Government Finance; 50 IAC 17-2-14; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1610)*

Rule 3. Computation of Time and Service

50 IAC 17-3-1 Determination of designated periods of time

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 1. (a) This section applies to the computation of any period of time prescribed or allowed by this article, or by order of

the appeals division or the board of tax commissioners.

(b) The day of the act, event, or default from which the designated period of time begins is not counted. The last day of the designated period is counted but may not be a:

- (1) Saturday;
- (2) Sunday;
- (3) legal holiday as defined by state statute; or
- (4) day the office in which the act is to be done is closed during regular business hours.

(Department of Local Government Finance; 50 IAC 17-3-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1610)

50 IAC 17-3-2 Service by the appeals division or the board of tax commissioners

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15-4; IC 6-1.1-15-5

Sec. 2. (a) This section applies to the service of:

- (1) notices required by the appeals division or the board of tax commissioners under IC 6-1.1-15-4 and IC 6-1.1-15-5; and
- (2) any other ruling, order, or other paper issued by the appeals division or board of tax commissioners.

(b) The appeals division or board of tax commissioners will keep a record of all papers served by personal delivery or United States mail, indicating the date and circumstances of the service. The record will constitute prima facie proof of the date and circumstances of service.

(c) Except as otherwise provided by law, the appeals division or board of tax commissioners may serve papers by facsimile.

(d) Service shall be given to each party unless they have properly designated an authorized representative, in which case service shall be given to the authorized representative and the party. Service to a person that is not an individual must be made in accordance with the power of attorney attached to the appeal petition filed with the appeals division unless a different power of attorney has been properly filed, in which case service shall be made in accordance with the most recent properly filed power of attorney.

(e) The taxpayer, or the taxpayer's authorized representative, must provide written notification to the appeals division or board of tax commissioners (whichever entity is reviewing the matter at the time of the notification) of any change of address or facsimile number. Unless this written notification is provided, service will be deemed accomplished when mailed or faxed according to the last known address or facsimile number properly provided to the appeals division or board of tax commissioners. *(Department of Local Government Finance; 50 IAC 17-3-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1610)*

50 IAC 17-3-3 Service by a party

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 3. (a) Unless otherwise specified by a hearing officer, the appeals division, or the board of tax commissioners, all documents and other papers that are filed with or submitted to the hearing officer, appeals division, or board of tax commissioners regarding a matter governed by this article must also be served upon all parties. This section includes, but is not limited to, service of briefs and documentary evidence.

(b) Service of papers other than appeal petitions and petitions for rehearing may be made by electronic facsimile transmission if authorized by the hearing officer, appeals division, or board of tax commissioners. *(Department of Local Government Finance; 50 IAC 17-3-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1611)*

Rule 4. Filing Appeal Petitions and Petitions for Rehearing

50 IAC 17-4-1 Filing of appeal petitions; petitions for rehearing

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 1. The filing of appeal petitions and petitions for rehearing must be made by:

- (1) personal delivery;
- (2) deposit in the United States mail; or
- (3) registered or certified mail, return receipt requested.

Appeal petitions and petitions for rehearing may not be filed by facsimile. (*Department of Local Government Finance; 50 IAC 17-4-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1611*)

50 IAC 17-4-2 Filing date

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 2. (a) The postmark date on an appeal petition or petition for rehearing filed by United States mail, registered mail, or certified mail will constitute prima facie proof of the date of filing.

(b) The date-received stamp affixed by the proper county official to an appeal petition filed by personal delivery will constitute prima facie proof of the date of filing.

(c) The date-received stamp affixed by the board of tax commissioners to a petition for rehearing filed by personal delivery will constitute prima facie proof of the date of filing. (*Department of Local Government Finance; 50 IAC 17-4-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1611*)

50 IAC 17-4-3 Time and place for filing appeal petitions

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-11-7; IC 6-1.1-15-3; IC 6-1.1-15-12

Sec. 3. (a) Persons permitted to file a petition for review of assessment, Form 131, under IC 6-1.1-15-3 must file petition with the county assessor within thirty (30) days after notice of the determination by the PTABOA.

(b) Persons permitted to file a petition to correct errors, Form 133, under IC 6-1.1-15-12, must file the petition with the county auditor within thirty (30) days after notice of the determination of the PTABOA.

(c) Persons permitted to file a petition for review of exemption, Form 132, under IC 6-1.1-11-7 must file the appeal petition with the county assessor within thirty (30) days after notice of the determination of the PTABOA. (*Department of Local Government Finance; 50 IAC 17-4-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1611*)

50 IAC 17-4-4 Time and place for filing petitions for rehearing

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15-4; IC 6-1.1-15-5

Sec. 4. Persons permitted to file a petition for rehearing under IC 6-1.1-15-5 must file the petition with the board of tax commissioners within fifteen (15) days after the appeals division gives notice of its final determination under IC 6-1.1-15-4, or within fifteen (15) days after the maximum allowable time for the issuance of a determination by the appeals division under IC 6-1.1-15-4 has lapsed. (*Department of Local Government Finance; 50 IAC 17-4-4; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1611*)

Rule 5. Compliant Appeal Petitions and Scope of Review

50 IAC 17-5-1 Compliant appeal petition

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 1. Appeal petitions must be completed in conformance with the instructions provided with the petition form and all other written instructions and promulgated rules of the appeals division or the board of tax commissioners. If the appeal petition is not properly completed, the appeals division will give the petitioner a notice of defect and return the appeal petition. (For example, but not by way of limitation, the appeal petition forms require the petitioner set forth the specific reasons why the petitioner believes the tax assessment is inaccurate. Failure to specify the reasons will be cause for the petition to be returned to the petitioner with a

notice of defect.) Petitioner must correct or cure the appeal petition within thirty (30) days from the date the notice of defect. Failure to adequately correct the specified defect will result in denial of the petition without hearing or further opportunity to correct the petition. (*Department of Local Government Finance; 50 IAC 17-5-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1611*)

50 IAC 17-5-2 Amendments to appeal petitions; additional written specification

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 2. (a) Timely filed amendments to appeal petitions are permitted.

(b) Amendments to appeal petitions must be filed within fifteen (15) days of the filing of the original appeal petition. Amendments sought later than fifteen (15) days following the filing of the petition must be filed with the approval of the appeals division not less than five (5) days prior to the hearing.

(c) Amendments may not include issues that were not specifically expressed during the hearing before the PTABOA or addressed in the final determination of the PTABOA.

(d) Amendments to appeal petitions must be filed at the central office and must served upon all parties.

(e) The rules regarding the filing of appeal petitions, and the date they are deemed filed, also apply to amended appeal petitions.

(f) The appeals division or the board of tax commissioners may, on its own motion, or at the request of a party, require a party to provide a more specific or complete written statement of any claim, defense, or issue raised in regard to an appeal petition, amendment, or other pleading. A request under this subsection may be granted, denied, or modified at the discretion of the appeals division or the board of tax commissioners. (*Department of Local Government Finance; 50 IAC 17-5-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1612*)

50 IAC 17-5-3 Limitations of issues

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 3. (a) The person filing an appeal petition is limited to the issues:

(1) the person specifically expressed during the hearing before the PTABOA; or

(2) that are a direct result of the findings and determinations of the PTABOA.

(b) It will be a rebuttable presumption that the issues identified in a PTABOA's findings are the issues expressed during the PTABOA hearing of the matter. The person attempting to rebut the presumption will have the burden of proving the presumption false.

(c) If no issues are identified in a PTABOA's findings, it will be a rebuttable presumption that the issues identified on the petition for review of assessment (Form 130) are the issues expressed during the PTABOA hearing of the matter. The person attempting to rebut the presumption will have the burden of proving the presumption false.

(d) The appeals division or the board of tax commissioners may, at its discretion, address any issue once an appeal petition has been filed. (*Department of Local Government Finance; 50 IAC 17-5-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1612*)

Rule 6. Hearing Procedures

50 IAC 17-6-1 Hearing date

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15-4

Sec. 1. Unless delayed by reasonable cause of the person filing the appeal petition, a hearing under IC 6-1.1-15-4 will be conducted by the appeals division within six (6) months from the later of the date the:

(1) appeal petition; or

(2) any corrected appeal petition;

is stamped received by appeals division. (*Department of Local Government Finance; 50 IAC 17-6-1; filed Mar 1, 2000, 7:53 a.m.:*

23 IR 1612)

50 IAC 17-6-2 Hearing formality; transcription services

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 2. (a) Hearings will be conducted as a formal proceeding under the auspices of a hearing officer or panel of hearing officers.

(b) Witnesses must be sworn in under oath.

(c) Hearings will be tape recorded by the hearing officer. The recording of the hearing officer will serve as the basis of the official record of the proceeding unless the hearing is transcribed by a court reporter. A party may hire a court reporting service to transcribe the hearing so long as the reporting service is directed to submit an official copy of the transcript, to the appeals division or the board of tax commissioners, at no expense, to the appeals division or the board of tax commissioners. (*Department of Local Government Finance; 50 IAC 17-6-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1612*)

50 IAC 17-6-3 Evidentiary burden

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 3. The burden of persuasion and the burden of going forward with the proof is on the petitioner. There is a rebuttable presumption that the determination of the PTABOA or other officer from which the appeal is taken is correct. The petitioner may rebut the presumption by presenting a prima facie case, supported by substantial and reliable evidence, that the determination is in error. (*Department of Local Government Finance; 50 IAC 17-6-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1612*)

Rule 7. Evidentiary Procedures

50 IAC 17-7-1 Evidence not previously presented

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 1. (a) Documentary evidence that was not presented at the PTABOA hearing may not be presented by a party at a proceeding before the appeals division unless the evidence directly relates to an issue specifically expressed at the PTABOA hearing of the matter, or in the PTABOA's final determination. Any evidence that was not presented at the PTABOA hearing, which a party intends to introduce at a hearing before the appeals division, must be filed with the appeals division within thirty (30) days following the filing of the original appeal petition. However, in the event a hearing is scheduled within the thirty (30) day period following the filing of the petition, any evidence not presented at the PTABOA hearing must be filed with the approval of the appeals division not less than five (5) days prior to the hearing. Evidence filed under this section must be filed at the central office and a copy of each document served upon all parties.

(b) Testimony not offered at the PTABOA hearing may not be offered at a proceeding before the appeals division unless the testimony directly relates to an issue specifically expressed at the PTABOA hearing of the matter, or in the PTABOA's final determination. Any testimony that was not offered at the PTABOA hearing that a party intends to introduce at a hearing before the appeals division must be identified by submission of the name of the witness and a brief statement of the witness' testimony to the appeals division within thirty (30) days following the filing of the original appeal petition. However, in the event a hearing is scheduled within the thirty (30) day period following the filing of the petition, any testimony not offered at the PTABOA hearing must be submitted with the approval of the appeals division not less than five (5) days prior to the hearing. A submission identifying testimony under this section must be filed at the central office and a copy of the submission served upon all parties.

(c) Failure to comply with the requirements of this section may serve as grounds to exclude the evidence or to dismiss the appeal petition. (*Department of Local Government Finance; 50 IAC 17-7-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1613*)

50 IAC 17-7-2 Admissibility; relevancy; weight

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 2. (a) A party may object to the admissibility of evidence during the appeals division hearing. However, determinations regarding the admissibility of evidence do not have to be made during the hearing. Subject to section 3 of this rule, all proffered evidence will be entered for the record and its admissibility will be considered by the appeals division and board of tax commissioners after the hearing and addressed in the findings.

(b) The proponent of evidence must establish that the evidence is relevant evidence within the meaning set out in Rule 401 of the Indiana Rules of Evidence.

(c) The appeals division and board of tax commissioners will consider the requirements for relevancy set forth by various rules of evidence, as interpreted and applied by federal and state courts, in determining what, if any, weight to accord evidence, but as the administrative body authorized to adjudicate the appeal petitions shall also:

- (1) exercise reasonable discretion in the consideration of evidence;
- (2) evaluate the pertinence of evidence on a case-by-case basis; and
- (3) not be bound to any precise rule of evidence.

(Department of Local Government Finance; 50 IAC 17-7-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1613)

50 IAC 17-7-3 Market value information; cost data

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 3. (a) This section incorporates the holding of the Indiana supreme court in the case of *Town of St. John v. State Board of Tax Commissioners*, 702 N.E.2d 1034 (Ind. 1998). The provisions of this section shall be interpreted and applied in accordance with the case of *Town of St. John v. State Board of Tax Commissioners*, 702 N.E.2d 1034 (Ind. 1998).

(b) Evidence submitted to demonstrate that an individual assessment is not consistent with the market value of the particular assessed property will be deemed immaterial. Market value evidence may be deemed material, but such evidence will not be used to provide an absolute, precise, and exact individual assessment.

(c) Market value ratio studies may be deemed immaterial.

(d) Evidence of actual construction costs or replacement costs may be submitted to demonstrate that the tax system was not properly applied to the individual assessment under appeal. *(Department of Local Government Finance; 50 IAC 17-7-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1613)*

50 IAC 17-7-4 Hearsay evidence

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 4. Hearsay evidence, as defined by the Indiana Rules of Evidence (Rule 801) may be admitted. If not objected to, the hearsay evidence may form the basis for a determination. However, if the evidence is properly objected to and does not fall within a recognized exception to the hearsay rule, the resulting determination may not be based solely upon the hearsay evidence.

(Department of Local Government Finance; 50 IAC 17-7-4; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1613)

50 IAC 17-7-5 Technical support and expert testimony for the appeals division

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 5. (a) If requested by the appeals division, employees of the board of tax commissioners may provide technical support or expert testimony for the appeals division in its administrative review of appeal petitions.

(b) The appeals division will give reasonable prior notice to the parties if it intends to request the use or testimony of employees of the board of tax commissioners under subsection (a). *(Department of Local Government Finance; 50 IAC 17-7-5; filed*

Mar 1, 2000, 7:53 a.m.: 23 IR 1614)

50 IAC 17-7-6 Confidential information

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 6. A party must, at the time it is submitted, clearly identify all confidential information provided to the appeals division or board of tax commissioners and specify the statutory basis under which the information is claimed to be confidential. (*Department of Local Government Finance; 50 IAC 17-7-6; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1614*)

Rule 8. Prehearing and Posthearing Activities

50 IAC 17-8-1 Continuance of proceedings

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 1. (a) Continuances and extensions of time may be granted only if:

- (1) timely made;
- (2) good cause is shown; and
- (3) the request was served on all parties.

(b) A continuance or extension granted under this section does not extend any applicable time for appeal to the board of tax commissioners or time for providing notice of appeal to any party. (*Department of Local Government Finance; 50 IAC 17-8-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1614*)

50 IAC 17-8-2 Prehearing conference

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 2. (a) The appeals division or the board of tax commissioners may, with ten (10) days' prior notice to the parties, order a prehearing conference. A prehearing conference order may include a requirement for parties to confer and submit an agreed upon appeals management plan addressing matters outlined in subsection (b).

(b) The appeals division may, through the prehearing conference or appeals management plan, require the parties to submit:

- (1) a desired hearing date;
- (2) a statement of all contentions and defenses;
- (3) anticipated discovery requests;
- (4) desired discovery deadlines;
- (5) witnesses and exhibits lists;
- (6) anticipated motions;
- (7) all possible stipulations;
- (8) all possible amendments to the appeal petition; or
- (9) any other information that the appeals division deems beneficial to the orderly review of an appeal petition.

(c) The parties, subject to an order issued under subsection (a), must demonstrate a good faith effort to comply with the order and reach agreement on an appeals management plan and the matters specified in the order. If the parties fail to materially comply with the order, or do not demonstrate a good faith effort, the appeals division may:

- (1) conduct the prehearing conference and, following such conference, enter an order reflecting the matters ordered and agreed to at the prehearing conference; or
- (2) issue an order, addressing any matter not adequately resolved.

(d) A prehearing conference under this section may be conducted by telephone. (*Department of Local Government Finance; 50 IAC 17-8-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1614*)

50 IAC 17-8-3 Discovery

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 3. (a) A party is entitled to use the applicable discovery provisions of the Indiana Rules of Trial Procedure.

(b) At the request of a party, the appeals division or board of tax commissioners may issue a discovery order in accordance with the Indiana Rules of Trial Procedure. If necessary, the enforcement of such order or right of discovery shall be in accordance with the Indiana Rules of Trial Procedure.

(c) A party seeking a discovery order under this section shall notify all parties in accordance with the Indiana Rules of Trial Procedure. (*Department of Local Government Finance; 50 IAC 17-8-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1614*)

50 IAC 17-8-4 Motions

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 4. (a) A party may file motions with the appeals division, board of tax commissioners, or hearing officer. Except motions made during the hearing, all motions must:

- (1) be in writing;
- (2) state the basis for the motion;
- (3) set forth the relief or order sought;
- (4) be properly captioned with the petition number, parcel number, taxpayer name, address, and telephone number;
- (5) signed by the party or authorized representative; and
- (6) include verification or proof of service to all parties.

The failure to serve all parties may result in a denial of the motion.

(b) Any response to a motion must be filed within ten (10) days after the date of service unless otherwise specified by the appeals division, board of tax commissioners, or hearing officer. (*Department of Local Government Finance; 50 IAC 17-8-4; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1614*)

50 IAC 17-8-5 Briefs

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 5. (a) The appeals division, board of tax commissioners, or hearing officer may request that the parties file a brief. However, a party may file a brief without it being requested.

(b) Briefs shall be filed within the time limits set by the hearing officer, appeals division, or board of tax commissioners. An extension of time may be requested. If a party fails to timely file a brief, the appeals division may exclude the brief from consideration.

(c) An original and two (2) copies of a brief submitted under this section must be filed with the appeals division at the central office. A copy of the brief shall also be served on each party.

(d) A brief submitted under this section must:

- (1) attach any unreported decision cited; and
- (2) not exceed twenty (20) pages (excluding exhibits) without prior written permission of the appeals division, board of tax commissioners, or hearing officer.

(e) Notwithstanding a submission deadline, a party may supplement a previously filed brief with subsequently decided cases, but without further argument.

(f) Briefs amicus curiae may be filed with leave of the board of tax commissioners or the appeals division. Briefs amicus curiae must be filed according to the briefing established deadlines. (*Department of Local Government Finance; 50 IAC 17-8-5; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1615*)

50 IAC 17-8-6 Submission of proposed findings and conclusions

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 6. Parties may file proposed findings of fact and conclusions of law, at the discretion of the appeals division, board of tax commissioners, or hearing officer. Proposed findings and conclusions must be filed within the time period established, and at the address designated, by the appeals division, board of tax commissioners, or hearing officer, and copy served on each party. (*Department of Local Government Finance; 50 IAC 17-8-6; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1615*)

50 IAC 17-8-7 Posthearing evidence

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 7. (a) No posthearing evidence will be accepted unless it is requested by the hearing officer. The hearing officer will set a deadline date for the submission of any requested evidence and specify the address to which the posthearing evidence must be submitted.

(b) An extension of time to submit posthearing evidence may be requested if submitted in writing to the hearing officer. An extension may be granted if timely made and good cause is shown. If posthearing evidence is untimely submitted, the appeals division will proceed to determine the appeal petition without considering the untimely submitted posthearing evidence.

(c) Posthearing evidence submitted must also be served on all parties. (*Department of Local Government Finance; 50 IAC 17-8-7; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1615*)

Rule 9. Orders and Determinations

50 IAC 17-9-1 Orders and determinations

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 1. All parties will be notified of all orders issued by the appeals division or board of tax commissioners. Final orders and final determinations will:

- (1) contain the name of petitioner and identify the property that is the subject of the appeal;
- (2) identify the parties and representatives participating in the proceeding;
- (3) contain appropriately numbered conclusions of law;
- (4) contain a decision disposing of all contested issues; and
- (5) include a notice of appeal rights.

(*Department of Local Government Finance; 50 IAC 17-9-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1615*)

Rule 10. Sanctions

50 IAC 17-10-1 Failure to appear

Authority: IC 4-22-5-1; IC 6-1.1-31-11
Affected: IC 6-1.1-15

Sec. 1. (a) The failure to appear at the hearing, after proper notice has been given, shall constitute the basis for a default or dismissal of the appeal petition.

(b) Within ten (10) days after the order of default or dismissal is issued, the party against whom the order is entered may file a written objection requesting that the order be vacated and set aside. This objection must contain supportive facts stating why the party did not appear.

(c) The appeals division or the board of tax commissioners may vacate and set aside an entry of a dismissal or default order.

(d) If an order of default or dismissal is vacated and set aside, the appeals division or state board will schedule another hearing

on the appeal petition. At least ten (10) days' notice will be given for the hearing unless waived by agreement by all parties. The time period within which the appeals division or state board must issue a final determination on the appeal petition will be calculated from the date of the hearing on the merits. (*Department of Local Government Finance; 50 IAC 17-10-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

50 IAC 17-10-2 Default

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 2. The appeals division or board of tax commissioners may issue an order of default or dismissal as the result of:

- (1) failure of a party to comply with a rule or specific request of the appeals division, board of tax commissioners, or hearing officer;
- (2) disruptive, vulgar, abusive, or obscene conduct or language by a party or authorized representative;
- (3) failure of a party to provide or exchange evidence in accordance with this article; or
- (4) failure of the person who filed the appeal petition to pursue the appeal petition in a reasonable and timely manner.

(*Department of Local Government Finance; 50 IAC 17-10-2; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

50 IAC 17-10-3 Dismissal of appeal petition

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 3. An appeal petition may be dismissed by the appeal division or board of tax commissioners:

- (1) if stipulated to by all parties;
- (2) on the motion of the person who filed the appeals petition, if the motion is made prior to the presentation of the case; or
- (3) on the motion of a party alleging that the person who filed the appeals petition has failed to present a case or has failed to follow an order of the appeals division or the board of tax commissioners.

Unless the motion is made at the hearing and all parties are present, a motion will not be granted under subdivision (3) of this section until the opponent to the motion has had more than ten (10) days to respond. (*Department of Local Government Finance; 50 IAC 17-10-3; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

50 IAC 17-10-4 Ex parte communications prohibited

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 4. (a) Parties, their authorized representatives, or anyone acting on their behalf are prohibited from engaging in ex parte communications with the hearing officer, the appeals division, or the board of tax commissioners regarding any substantive matters relating to the appeal petition while the administrative appeals process is ongoing.

(b) Ex parte communications may be grounds for dismissal of the appeal.

(c) Communications regarding matters of practice and procedure, such as the status of appeals, filing requirements, form letters, scheduling of hearings, and the like, are not considered ex parte communications under this section. (*Department of Local Government Finance; 50 IAC 17-10-4; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616*)

Rule 11. Miscellaneous Provisions

50 IAC 17-11-1 Supersedes conflicting rules

Authority: IC 4-22-5-1; IC 6-1.1-31-11

Affected: IC 6-1.1-15

Sec. 1. The provisions of this article shall supersede any rule or instructional bulletin promulgated or issued prior to the effective date of this article, to the extent that the rule or instructional bulletin is in conflict with the provisions of this article.

(Department of Local Government Finance; 50 IAC 17-11-1; filed Mar 1, 2000, 7:53 a.m.: 23 IR 1616)

ARTICLE 18. INDUSTRIAL FACILITY; REAL PROPERTY ASSESSMENT

Rule 1. Purpose

50 IAC 18-1-1 Purpose

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-8.7

Sec. 1. The purpose of this article is to establish procedures to govern the assessment and review of industrial facilities' real property under IC 6-1.1-8.7. *(Department of Local Government Finance; 50 IAC 18-1-1; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2710)*

Rule 2. Definitions

50 IAC 18-2-1 Applicability

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-8.7

Sec. 1. Unless otherwise indicated, the definitions contained in IC 6-1.1-8.7 also apply to this article. *(Department of Local Government Finance; 50 IAC 18-2-1; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2710)*

Rule 3. Filing Petitions for Reassessment

50 IAC 18-3-1 Filing procedure for petition for reassessment

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-4-4; IC 6-1.1-8.7-1; IC 6-1.1-8.7-2

Sec. 1. (a) Petitions filed pursuant to this rule must be filed by:

- (1) personal delivery;
- (2) deposit in the United States mail; or
- (3) registered or certified mail, return receipt requested.

(b) Petitions may not be filed by facsimile or electronic mail. *(Department of Local Government Finance; 50 IAC 18-3-1; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2710)*

50 IAC 18-3-2 Time and place of filing petitions for assessment

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-4-4; IC 6-1.1-8.7-1; IC 6-1.1-8.7-2

Sec. 2. (a) A petition for assessment must be filed with the commissioner of the department and contain the following information:

- (1) The name and address of the industrial company to be assessed.
- (2) The county and township in which the industrial company is located.
- (3) A detailed explanation of the reason a new assessment is being sought.
- (4) The names and addresses of the real property owners if the petition is being filed under subsection (b).
- (5) The name and title of the person filing on behalf of the industrial company if the petition is being filed under subsection (c).
- (6) The name and contact information of the individual designated as petitioner's representative.
- (7) A certification from the county auditor that the owners of real property filing under subsection (b) are in fact owners of

real property in the township in which the industrial company is located.

(b) Two hundred fifty (250) or more owners of real property in a township may file a petition described under subsection (a) with the department before January 1 of each year that a general reassessment commences under IC 6-1.1-4-4, requesting to have the department assess the real property of an industrial company located in the township.

(c) Prior to submitting a petition to the department under subsection (b), the auditor of the county in which the industrial company is located shall certify the number of petitioners that are owners of real property within the township. The department shall forward a copy of the completed petition to the county auditor and the county assessor of the county in which the industrial company is located within fifteen (15) days of receiving the petition. The county assessor shall forward a copy of the petition to the township assessor who is responsible for the assessment of the industrial company.

(d) An industrial company as defined in IC 6-1.1-8.7-1 may file a petition under subsection (a) with the department requesting that the department assess the real property of an industrial facility owned or used by the company. (*Department of Local Government Finance; 50 IAC 18-3-2; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2710*)

Rule 4. Reassessment of Industrial Company Real Property

50 IAC 18-4-1 Review by the department

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-8.7-5; IC 6-1.1-30-13

Sec. 1. (a) The department shall review all petitions filed under 50 IAC 18-3-2 to determine the completeness and accuracy of the petition. If the department determines that the petition is for any reason incomplete or inaccurate, the petitioner will be afforded an additional thirty (30) days to amend the petition and resubmit it to the department for review.

(b) Upon receipt of a properly filed petition, the department shall make an initial determination and choose to:

(1) grant the petitioner's request and assess the real property of an industrial facility; or

(2) deny the petitioner's request to assess the real property of the industrial facility.

The department will provide a copy of its initial determination to the petitioner's representative, the county assessor, the county auditor, the industrial company, and the township assessor who assessed the industrial facility's property. (*Department of Local Government Finance; 50 IAC 18-4-1; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2711*)

50 IAC 18-4-2 Assessment by the department

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-8.7-5; IC 6-1.1-30-13

Sec. 2. If the department chooses to assess the real property of an industrial company under section 1(b)(1) of this rule, the department will determine the true tax value of the property under 50 IAC 2.3-1-1(d). (*Department of Local Government Finance; 50 IAC 18-4-2; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2711*)

50 IAC 18-4-3 Review procedure

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-8.7-5; IC 6-1.1-30-13

Sec. 3. (a) If the department chooses to assess the real property of an industrial company under section 1(b)(1) of this rule, the department may schedule an on-site inspection of the company's industrial facility. The department shall provide notice to the owner of the industrial company and the assessor of the county of the department's intention to enter and inspect the property for assessment purposes not less than thirty (30) days before making a physical inspection of the property.

(b) The department may request that the industrial company and county assessor make available all information necessary or proper to determine the true tax value. If the industrial company fails or refuses to provide the information requested, the department may take necessary actions under IC 6-1.1-30-13. (*Department of Local Government Finance; 50 IAC 18-4-3; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2711*)

Rule 5. Certification of Values; Appeal and Review

50 IAC 18-5-1 Preliminary and final certifications of value

Authority: IC 6-1.1-8.7-7

Affected: IC 6-1.1-8.7

Sec. 1. (a) The department shall make a preliminary determination of true tax value of the industrial facility and submit the preliminary value to the county auditor, the county assessor, the petitioner's representative, and the industrial facility.

(b) The county assessor, the industrial company and the petitioner's representative will have thirty (30) days to review the preliminary true tax value issued under subsection (a) to determine the validity and may present findings to the department in support of or opposition to the department's preliminary determination. The department may extend or decrease this time to review for good cause.

(c) The department may make additions or corrections to the preliminary assessment based on the findings submitted under subsection (b) when making its final certified assessment determination.

(d) The department will certify a final assessment determination of an industrial company's real property to the county auditor, the county assessor, the industrial company, and the petitioner's representative within:

(1) six (6) months of a petition for reassessment filed under 50 IAC 18-3-2(b); or

(2) three (3) months if a petition is filed under 50 IAC 18-3-2(d).

(e) The department will base its final certified value on the evidence provided by the petitioners and county officials and issue a final determination containing the following information:

(1) Original assessment value.

(2) New assessment value if a change is made.

(3) A reason for the change in assessed value if a change is made.

(4) Appeal rights.

(Department of Local Government Finance; 50 IAC 18-5-1; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2711)

50 IAC 18-5-2 Appeal of assessments

Authority: IC 6-1.1-8.7-9

Affected: IC 6-1.1-8.7

Sec. 2. (a) The petitioner that petitioned for reassessment of an industrial company's true tax value under this article, the industrial company, or the county assessor of the county in which the industrial facility is located may appeal the final assessment determination made by the department under this article to the department.

(b) The department shall hold a hearing on any appeal filed under subsection (a) and issue a final order within one (1) year of the date the appeal is filed. *(Department of Local Government Finance; 50 IAC 18-5-2; filed Apr 22, 2004, 10:05 a.m.: 27 IR 2711)*

ARTICLE 19. LAKE COUNTY INDUSTRIAL FACILITY; REAL PROPERTY ASSESSMENT

Rule 1. Applicability

50 IAC 19-1-1 Scope

Authority: IC 6-1.1-8.5-12

Affected: IC 6-1.1-8.5

Sec. 1. This article applies to the assessment of industrial facilities in qualifying counties under IC 6-1.1-8.5. *(Department of Local Government Finance; 50 IAC 19-1-1; filed Oct 6, 2003, 4:30 p.m.: 27 IR 450)*

50 IAC 19-1-2 Definitions

Authority: IC 6-1.1-8.5-12
Affected: IC 6-1.1-8.5

Sec. 2. Unless otherwise indicated, the definitions contained in IC 6-1.1-8.5 also apply to this article. (*Department of Local Government Finance; 50 IAC 19-1-2; filed Oct 6, 2003, 4:30 p.m.: 27 IR 450*)

Rule 2. General Provisions

50 IAC 19-2-1 List of industrial facilities provided to the department

Authority: IC 6-1.1-8.5-12
Affected: IC 6-1.1-4-4; IC 6-1.1-8.5-1

Sec. 1. (a) Before January 1, 2004, and before January 1 of each year that a general reassessment commences under IC 6-1.1-4-4, the county assessor shall provide to the department a list of each industrial facility located within the county.

(b) Each building commissioner before January 1 of each year for new construction completed during the prior twelve (12) months shall notify the department of a newly constructed industrial facility potentially exceeding at least twenty-five million dollars (\$25,000,000) in total value located in the jurisdiction that the building commissioner serves.

(c) The township assessor of each township before January 1 of each year for new construction completed during the prior twelve (12) months shall notify the department of a newly constructed industrial facility in a township that the assessor serves potentially exceeding at least twenty-five million dollars (\$25,000,000) in total value. (*Department of Local Government Finance; 50 IAC 19-2-1; filed Oct 6, 2003, 4:30 p.m.: 27 IR 450*)

50 IAC 19-2-2 Assessment by the department

Authority: IC 6-1.1-8.5-12
Affected: IC 6-1.1-4-4; IC 6-1.1-8.5-8; IC 6-1.1-8.5-9; IC 6-1.1-30-13

Sec. 2. (a) The department shall assess each industrial facility located within the county for:

- (1) purposes of a general reassessment under IC 6-1.1-4-4; and
- (2) a newly constructed industrial facility.

(b) Not less than six (6) months after receiving notice of the new construction from a township assessor or building commissioner under section 1 of this rule, the department shall schedule an assessment.

(c) To determine the true tax value of the industrial facility, the department shall use appraisal methods consistent with the rules pertaining to the assessment of real property under 50 IAC 2.3-1-1(d).

(d) The department may request that the industrial company or the county assessor make available all information necessary or proper to determine the true tax value. If the industrial company or county assessor fails or refuses to provide the information requested, the department may take necessary actions pursuant to IC 6-1.1-30-13. (*Department of Local Government Finance; 50 IAC 19-2-2; filed Oct 6, 2003, 4:30 p.m.: 27 IR 451*)

50 IAC 19-2-3 Certification of values; appeal and review

Authority: IC 6-1.1-8.5-12
Affected: IC 6-1.1-8.5-10; IC 6-1.1-8.5-11

Sec. 3. (a) The department shall certify a preliminary determination of the true tax value of the industrial facility to the county auditor and to the county assessor and the industrial company.

(b) The county assessor and industrial company have thirty (30) days to review the certified value to determine the validity and may present findings to the department. The department may extend this time to review for good cause. The department may make additions or corrections to the assessment.

(c) The department shall provide notice to the county assessor, the county auditor, and the industrial company of its final assessment.

(d) When the department determines the final assessment of an industrial facility, the county auditor shall enter for taxation the assessed valuation certified by the department. (*Department of Local Government Finance; 50 IAC 19-2-3; filed Oct 6, 2003, 4:30 p.m.: 27 IR 451*)

50 IAC 19-2-4 Appeal of assessments

Authority: IC 6-1.1-8.5-12

Affected: IC 6-1.1-8.5-11; IC 6-1.1-15

Sec. 4. (a) The industrial company or the county assessor of the county in which the industrial facility is located may appeal an assessment by the department made under this article to the Indiana board of tax review.

(b) If the industrial company or the county assessor appeals an assessment made by the department, the department must notify the county auditor of the appeal.

(c) An appeal under this section will be conducted in the same manner as an appeal under IC 6-1.1-15-4 through IC 6-1.1-15-8.

(d) An assessment made under this article that is not timely appealed is a final order of the department and is not subject to further appeal. (*Department of Local Government Finance; 50 IAC 19-2-4; filed Oct 6, 2003, 4:30 p.m.: 27 IR 451*)

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